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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 **AUG 1, 2009**, and ending **JUL 31, 2010**

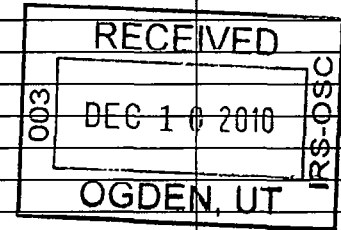
G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Use the IRS label Otherwise, print or type. See Specific Instructions.	Name of foundation THE REO FOUNDATION, INC.		A Employer identification number 84-1316806
	Number and street (or P.O. box number if mail is not delivered to street address) P.O. BOX 2325	Room/suite	B Telephone number 719-590-9777
	City or town, state, and ZIP code COLORADO SPRINGS, CO 80901		C If exemption application is pending, check here ☐ D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation			E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 562,441.		J Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc., received			N/A	
2	Check ☒ if the foundation is not required to attach Sch. B				
3	Interest on savings and temporary cash investments				
4	Dividends and interest from securities	17,666.	17,666.		STATEMENT 1
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	<6,489.>			
b	Gross sales price for all assets on line 6a	677,700.			
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	44.	44.		STATEMENT 2
12	Total. Add lines 1 through 11	11,221.	17,710.		
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	595.	595.		0.
c	Other professional fees STMT 4	5,400.	5,400.		0.
17	Interest				
18	Taxes				
19	Depreciation and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses STMT 5	160.	160.		0.
24	Total operating and administrative expenses. Add lines 13 through 23	6,155.	6,155.		0.
25	Contributions, gifts, grants paid	8,500.			8,500.
26	Total expenses and disbursements. Add lines 24 and 25	14,655.	6,155.		8,500.
27	Subtract line 26 from line 12:				
a	Excess of revenue over expenses and disbursements	<3,434.>			
b	Net investment income (if negative, enter -0-)		11,555.		
c	Adjusted net income (if negative, enter -0-)			N/A	

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Operating and Administrative Expenses



10

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	167.		
	2 Savings and temporary cash investments	93,212.	462.	462.
	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	113,325.		
	b Investments - corporate stock	337,553.		
	c Investments - corporate bonds			
11 Investments - land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
12 Investments - mortgage loans				
13 Investments - other STMT 6	0.	561,979.	561,979.	
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers)	544,257.	562,441.	562,441.	
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	544,257.	562,441.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances	544,257.	562,441.	
	31 Total liabilities and net assets/fund balances	544,257.	562,441.	

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	544,257.
2 Enter amount from Part I, line 27a	2	<3,434.>
3 Other increases not included in line 2 (itemize) ▶ UNREALIZED GAIN - INVESTMENTS	3	21,618.
4 Add lines 1, 2, and 3	4	562,441.
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	562,441.

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 677,700.		684,189.	<6,489.>

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			<6,489.>

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	<6,489.>
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 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	17,000.	608,458.	.027939
2007	24,500.	683,691.	.035835
2006	39,144.	669,261.	.058488
2005	33,876.	661,890.	.051181
2004	31,000.	635,790.	.048758

2 Total of line 1, column (d)	2	.222201
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	.044440
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	545,050.
5 Multiply line 4 by line 3	5	24,222.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	116.
7 Add lines 5 and 6	7	24,338.
8 Enter qualifying distributions from Part XII, line 4 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.	8	8,500.

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)		1	231.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		2	0.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		3	231.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
3 Add lines 1 and 2		5	231.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		6a	565.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		6b	
6 Credits/Payments:		6c	
a 2009 estimated tax payments and 2008 overpayment credited to 2009		6d	
b Exempt foreign organizations - tax withheld at source		7	565.
c Tax paid with application for extension of time to file (Form 8868)		8	
d Backup withholding erroneously withheld		9	
7 Total credits and payments. Add lines 6a through 6d		10	334.
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached		11	0.
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed			
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid			
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax 334. Refunded 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?		
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) CO		
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 REO	13	X	
14	The books are in care of ► THE FOUNDATION Telephone no. ► 719-590-9777 Located at ► P.O. BOX 2325, COLORADO SPRINGS, CO ZIP+4 ► 80901			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No	
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No	
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	N/A	1b
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		1c 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

Form 990-PF (2009)

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

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

N/A

5b

Organizations relying on a current notice regarding disaster assistance check here

☒**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

☐ Yes ☐ No

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

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

6b

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

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
NANCY BALOG	PRESIDENT/TREASURER			
P.O. BOX 2325				
COLORADO SPRINGS, CO 80901	1.00	0.	0.	0.
JOHN BALOG	VICE PRESIDENT/SECRETARY			
P.O. BOX 2325				
COLORADO SPRINGS, CO 80901	1.00	0.	0.	0.

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

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

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

0

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
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.

Form 990-PF (2009)

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:	
a	Average monthly fair market value of securities	1a 506,428.
b	Average of monthly cash balances	1b 46,922.
c	Fair market value of all other assets	1c
d	Total (add lines 1a, b, and c)	1d 553,350.
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	3 553,350.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4 8,300.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5 545,050.
6	Minimum investment return. Enter 5% of line 5	6 27,253.

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 27,253.
2a	Tax on investment income for 2009 from Part VI, line 5	2a 231.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b
c	Add lines 2a and 2b	2c 231.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3 27,022.
4	Recoveries of amounts treated as qualifying distributions	4 0.
5	Add lines 3 and 4	5 27,022.
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 27,022.

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 8,500.
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 8,500.
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 8,500.

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				27,022.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			8,495.	
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				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 8,500.				
a Applied to 2008, but not more than line 2a			8,495.	
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				5.
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))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
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				27,017.
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	0.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

N/A

- b** Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

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.)**

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.

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.

- 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)				
a Paid during the year				
SEE STATEMENT 7				
Total			▶ 3a	8,500.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- | | | Yes | No |
|----------|--|-------|----|
| 1 | Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | |
| a | Transfers from the reporting foundation to a noncharitable exempt organization of: | | |
| | (1) Cash | 1a(1) | X |
| | (2) Other assets | 1a(2) | X |
| b | Other transactions: | | |
| | (1) Sales of assets to a noncharitable exempt organization | 1b(1) | X |
| | (2) Purchases of assets from a noncharitable exempt organization | 1b(2) | X |
| | (3) Rental of facilities, equipment, or other assets | 1b(3) | X |
| | (4) Reimbursement arrangements | 1b(4) | X |
| | (5) Loans or loan guarantees | 1b(5) | X |
| | (6) Performance of services or membership or fundraising solicitations | 1b(6) | X |
| c | Sharing of facilities, equipment, mailing lists, other assets, or paid employees | 1c | X |
| d | If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received. | | |

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No
- b** If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer or trustee <i>Harry O. Boezig</i>		Date <i>12/6/10</i>	Title <i>President</i>
	Preparer's signature <i>Jay Goodwin CPA</i>		Date <i>12/6/10</i>	Check if self-employed ☐
Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code WAUGH & GOODWIN, LLP 1365 GARDEN OF THE GODS, SUITE 150 COLORADO SPRINGS, CO 80907			Preparer's identifying number EIN 77-0837801 Phone no. (719) 590-9777
	Preparer's name (if not the same as the firm's name), address, and ZIP code WAUGH & GOODWIN, LLP 1365 GARDEN OF THE GODS, SUITE 150 COLORADO SPRINGS, CO 80907			Preparer's identifying number EIN 77-0837801 Phone no. (719) 590-9777

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	PWRSHRS	GL	ETF	TR	FTSE	DEV	MRKTS	EX	US	POR	P	09/30/09	02/05/10
b	PWRSHRS	GL	ETF	TR	FTSE	DEV	MRKTS	EX	US	POR	P	09/30/09	02/05/10
c	PWRSHRS	GL	ETF	TR	FTSE	DEV	MRKTS	EX	US	POR	P	09/30/09	02/05/10
d	PWRSHRS	GL	ETF	TR	FTSE	DEV	MRKTS	EX	US	POR	P	09/30/09	02/05/10
e	PWRSHRS	GL	ETF	TR	FTSE	DEV	MRKTS	EX	US	POR	P	09/30/09	02/05/10
f	PWRSHRS	GL	ETF	TR	FTSE	DEV	MRKTS	EX	US	POR	P	09/30/09	02/05/10
g	PWRSHRS	GL	ETF	TR	FTSE	DEV	MRKTS	EX	US	POR	P	09/30/09	02/05/10
h	ALPS	EFT	TR	COHEN & STEERS	GLOBAL	REALTY					P	09/30/09	05/06/10
i	ALPS	EFT	TR	COHEN & STEERS	GLOBAL	REALTY					P	09/30/09	05/06/10
j	ALPS	EFT	TR	COHEN & STEERS	GLOBAL	REALTY					P	09/30/09	05/06/10
k	ALPS	EFT	TR	COHEN & STEERS	GLOBAL	REALTY					P	09/30/09	05/06/10
l	FIRST	TR	LARGE	CAP	CORE	ALPHADEX	FD	COMS			P	09/30/09	05/06/10
m	FIRST	TR	LARGE	CAP	CORE	ALPHADEX	FD	COMS			P	09/30/09	05/06/10
n	FIRST	TR	LARGE	CAP	CORE	ALPHADEX	FD	COMS			P	09/30/09	05/06/10
o	FIRST	TR	LARGE	CAP	CORE	ALPHADEX	FD	COMS			P	09/30/09	05/06/10

(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	3,439.		3,905.	<466.>
b	2,958.		3,358.	<400.>
c	481.		547.	<66.>
d	3,439.		3,905.	<466.>
e	3,443.		3,905.	<462.>
f	3,443.		3,905.	<462.>
g	1,067.		1,217.	<150.>
h	1,124.		1,236.	<112.>
i	35,727.		39,274.	<3,547.>
j	7,353.		8,127.	<774.>
k	2,069.		2,287.	<218.>
l	1,079.		958.	121.
m	43,163.		38,333.	4,830.
n	2,182.		1,939.	243.
o	1,895.		1,687.	208.

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			<466.>
b			<400.>
c			<66.>
d			<466.>
e			<462.>
f			<462.>
g			<150.>
h			<112.>
i			<3,547.>
j			<774.>
k			<218.>
l			121.
m			4,830.
n			243.
o			208.

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

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

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	FIRST TR LARGE CAP CORE ALPHADDEX FD COMS	P	09/30/09	05/06/10
b	FIRST TR LARGE CAP CORE ALPHADDEX FD COMS	P	09/30/09	05/06/10
c	FIRST TR LARGE CAP CORE ALPHADDEX FD COMS	P	09/30/09	05/06/10
d	FIRST TR LARGE CAP CORE ALPHADDEX FD COMS	P	09/30/09	05/06/10
e	FIRST TR LARGE CAP CORE ALPHADDEX FD COMS	P	09/30/09	05/06/10
f	PWRSHRS GL ETF TR FTSE DEV MRKTS EX US POR	P	03/09/10	05/06/10
g	PWRSHRS GL ETF TR FTSE DEV MRKTS EX US POR	P	03/09/10	05/06/10
h	PWRSHRS GL ETF TR FTSE DEV MRKTS EX US POR	P	03/09/10	05/06/10
i	SPDR SER TR LEHMAN HIGH YIELD BD ETF	P	09/30/09	05/06/10
j	SPDR SER TR LEHMAN HIGH YIELD BD ETF	P	09/30/09	05/06/10
k	SPDR SER TR LEHMAN HIGH YIELD BD ETF	P	09/30/09	05/06/10
l	SPDR SER TR LEHMAN HIGH YIELD BD ETF	P	09/30/09	05/06/10
m	SPDR SER TR LEHMAN HIGH YIELD BD ETF	P	09/30/09	05/06/10
n	SPDR SER TR LEHMAN HIGH YIELD BD ETF	P	09/30/09	05/06/10
o	SPDR SER TR LEHMAN HIGH YIELD BD ETF	P	09/30/09	05/06/10

(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	4,144.	3,690.	454.
b	1,541.	1,372.	169.
c	1,718.	1,530.	188.
d	1,112.	990.	122.
e	1,162.	1,035.	127.
f	10,065.	11,196.	<1,131.>
g	3,355.	3,732.	<377.>
h	2,986.	3,321.	<335.>
i	3,518.	3,841.	<323.>
j	1,758.	1,920.	<162.>
k	12,313.	13,443.	<1,130.>
l	2,568.	2,804.	<236.>
m	1,758.	1,920.	<162.>
n	3,517.	3,841.	<324.>
o	3,516.	3,841.	<325.>

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			454.
b			169.
c			188.
d			122.
e			127.
f			<1,131.>
g			<377.>
h			<335.>
i			<323.>
j			<162.>
k			<1,130.>
l			<236.>
m			<162.>
n			<324.>
o			<325.>

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

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

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	SPDR SER TR LEHMAN HIGH YIELD BD ETF	P	09/30/09	05/06/10
b	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
c	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
d	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
e	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
f	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
g	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
h	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
i	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
j	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
k	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
l	FIRST TR LARGE CAP GROWTH OPPORTUNITESA	P	09/30/09	05/25/10
m	WAL MART STORES INC.	P	09/23/09	06/25/10
n	ROYAL DUTCH SHELL PLC ADR	P	09/23/09	09/25/09
o	TOYOTA MOTOR CO ADR JPN	P	09/23/09	09/25/09

(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 8,790.		9,602.	<812.>
b 508.		450.	58.
c 605.		536.	69.
d 290.		257.	33.
e 605.		536.	69.
f 581.		514.	67.
g 8,881.		7,861.	1,020.
h 1,709.		1,631.	78.
i 482.		460.	22.
j 9,478.		9,054.	424.
k 13,134.		12,546.	588.
l 2,189.		2,091.	98.
m 14,949.		15,120.	<171.>
n 12,020.		12,277.	<257.>
o 5,241.		5,351.	<110.>

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			<812.>
b			58.
c			69.
d			33.
e			69.
f			67.
g			1,020.
h			78.
i			22.
j			424.
k			588.
l			98.
m			<171.>
n			<257.>
o			<110.>

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

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

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 AMERICAN FD INCOME FD OF AMERICA	P	09/23/09	09/25/09
b DIAMOND HILL LONG-SHORT FUND CLASS I	P	09/23/09	09/25/09
c THE FAIRHOLME FD	P	09/23/09	09/25/09
d FRANKLIN US GOVT SEC ADV FD	P	09/23/09	09/25/09
e HUSSMAN STRATEGIC GROWTH	P	09/23/09	09/25/09
f PIMCO COMMODITY REAL RETURN STRATEGY FD	P	09/23/09	09/25/09
g PIMCO LOW DURATION FD	P	09/23/09	09/25/09
h MUTUAL SERIES DISCOVERY FD	P	09/23/09	09/25/09
i PLUM CREEK TIMBER CO.	P	09/22/06	08/31/09
j RAYONIER INC	P	09/22/06	08/31/09
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 66,164.		66,840.	<676.>
b 43,793.		43,822.	<29.>
c 23,283.		23,759.	<476.>
d 66,405.		66,207.	198.
e 18,946.		19,019.	<73.>
f 14,995.		15,319.	<324.>
g 48,214.		48,214.	0.
h 129,113.		130,255.	<1,142.>
i 9,819.		11,068.	<1,249.>
j 9,613.		8,341.	1,272.
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			<676.>
b			<29.>
c			<476.>
d			198.
e			<73.>
f			<324.>
g			0.
h			<1,142.>
i			<1,249.>
j			1,272.
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	<6,489.>
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8 }	3	N/A

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	1
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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
C SCOTT FINANCIAL, INC.	2,126.	0.	2,126.
JL DAVIS FINANCIAL	15,540.	0.	15,540.
TOTAL TO FM 990-PF, PART I, LN 4	17,666.	0.	17,666.

FORM 990-PF	OTHER INCOME	STATEMENT	2
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DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
C SCOTT FINANCIAL INC.	44.	44.	
TOTAL TO FORM 990-PF, PART I, LINE 11	44.	44.	

FORM 990-PF	ACCOUNTING FEES	STATEMENT	3
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	595.	595.		0.
TO FORM 990-PF, PG 1, LN 16B	595.	595.		0.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT FEES	5,400.	5,400.		0.
TO FORM 990-PF, PG 1, LN 16C	5,400.	5,400.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
ANNUAL MEETING	116.	116.		0.	
DUES AND SUBSCRIPTIONS	44.	44.		0.	
TO FORM 990-PF, PG 1, LN 23	160.	160.		0.	

FORM 990-PF	OTHER INVESTMENTS		STATEMENT	6
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE	
PIMCO FD UNCSTR BD INST	FMV	252,591.	252,591.	
PIMCO TOTAL RETURN FUND #35	FMV			
INSTITUTIONAL		263,689.	263,689.	
RYDEX MANAGED FUTURES FUND CLASS H	FMV	45,699.	45,699.	
TOTAL TO FORM 990-PF, PART II, LINE 13		561,979.	561,979.	

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 7

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
ARDEN WOOD, INC 445 WAWONA ST. SAN FRANCISCO, CA 94116			1,000.
BURROUGHS COMMUNITY CENTER 2470 FAIRFIELD AVE. BRIDGEPORT, CT 06605			500.
CANINE COMPANIONS FOR INDEPENDENCE 124 RANCHO DEL ORO DR. OCEANSIDE, CA 92052			500.
COLORADO SPRINGS FINE ARTS CENTER 30 W. DALE ST. COLORADO SPRINGS, CO 80903			250.
HUMANE SOCIETY OF PIKES PEAK REGION 610 ABBOT LANE COLORADO SPRINGS, CO 80905			500.
KCME 1921 N. WEBER ST. COLORADO SPRINGS, CO 80907			100.
PIKES PEAK HABITAT FOR HUMANITY 2105 E. BIJOU ST. SUITE B COLORADO SPRINGS, CO 80909			150.
SPRINGS RESCUE MISSION 5 W. LAS VEGAS COLORADO SPRINGS, CO 80903			1,000.

THE REO FOUNDATION, INC.

84-1316806

TESSA
320 S. EL PASO ST. COLORADO
SPRINGS, CO 80903

500.

TWELVEACRES
595 MILLICH DRIVE, SUITE 104
CAMPBELL, CA 95008

2,000.

WIDE HORIZON INC.
8900 WEST 38TH AVE. WHEAT
RIDGE, CO 80033

2,000.

TOTAL TO FORM 990-PF, PART XV, LINE 3A

8,500.