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**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

2010

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 2010, or tax year beginning _____, **2010, and ending** _____,

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

THE RAY CHARLES FOUNDATION
2107 WEST WASHINGTON BLVD.
LOS ANGELES, CA 90018

A Employer identification number
95-4047622

B Telephone number (see the instructions)
(323) 737-8000

C If exemption application is pending, check here

D 1 Foreign organizations, check here
2 Foreign organizations meeting the 85% test, check here and attach computation

E If private foundation status was terminated under section 507(b)(1)(A), check here

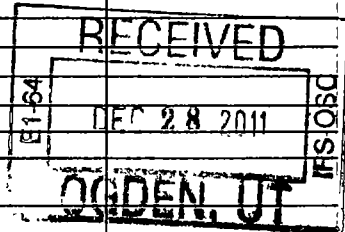
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

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

I Fair market value of all assets at end of year (from Part II, column (c), line 16)
\$ 53,758,322.

J Accounting method: Cash Accrual
 Other (specify) _____
(Part I, column (d) must be on cash basis)

Part I Analysis of Revenue and Expenses <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions))</i>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc. received (att sch)				
2	Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
3	Interest on savings and temporary cash investments	334,697.	334,697.		
4	Dividends and interest from securities				
5a	Gross rents	533,348.	533,348.		
b	Net rental income or (loss) 192,253.				
6a	Net gain/(loss) from sale of assets not on line 10				
b	Gross sales price for all assets on line 6a				
7	Capital gain net income (from Part IV, line 2)				
8	Net short-term capital gain				
9	Income modifications				
10a	Gross sales less returns and allowances				
b	Less Cost of goods sold				
c	Gross profit/(loss) (att sch)				
11	Other income (attach schedule) SEE STATEMENT 1	1,989,111.	1,868,659.		
12	Total. Add lines 1 through 11	2,857,156.	2,736,704.	0.	
13	Compensation of officers, directors, trustees, etc	178,835.	89,417.		89,418.
14	Other employee salaries and wages	288,858.	144,429.		144,429.
15	Pension plans, employee benefits	14,732.	7,366.		7,366.
16a	Legal fees (attach schedule) SEE ST 2	413,993.	196,996.		216,997.
b	Accounting fees (attach sch) SEE ST 3	94,428.	47,214.		47,214.
c	Other prof fees (attach sch) SEE ST 4	238,440.	119,221.		119,219.
17	Interest				
18	Taxes (attach schedule) X see instr SEE STM 5	59,733.	29,867.		29,866.
19	Depreciation (attach sch) and depletion	115,330.	84,250.		
20	Occupancy				
21	Travel, conferences, and meetings	4,369.	2,185.		2,184.
22	Printing and publications				
23	Other expenses (attach schedule) SEE STATEMENT 6	2,052,570.	1,931,352.		121,219.
24	Total operating and administrative expenses. Add lines 13 through 23	3,461,288.	2,652,297.		777,912.
25	Contributions, gifts, grants paid PART XV	3,235,000.			3,235,000.
26	Total expenses and disbursements. Add lines 24 and 25	6,696,288.	2,652,297.	0.	4,012,912.
27	Subtract line 26 from line 12:				
a	Excess of revenue over expenses and disbursements	-3,839,132.			
b	Net investment income (if negative, enter -0-)		84,407.		
c	Adjusted net income (if negative, enter -0-)			0.	



SCANNED JAN 05 2011

ADMINISTRATIVE EXPENSES OPERATING AND

614

AS AMENDED

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
ASSETS	1	Cash – non-interest-bearing		245,072.	3,655,553.	3,655,553.
	2	Savings and temporary cash investments		42,992,405.	34,426,384.	34,426,384.
	3	Accounts receivable				
		Less: allowance for doubtful accounts				
	4	Pledges receivable				
		Less: allowance for doubtful accounts				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions)				
	7	Other notes and loans receivable (attach sch) <u>2,000,000.</u>				
		Less: allowance for doubtful accounts		351,000.	2,000,000.	
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges		29,510.	29,447.	29,447.
	10a	Investments – U.S. and state government obligations (attach schedule)				
		b Investments – corporate stock (attach schedule)			1,493,506.	1,600,938.
		c Investments – corporate bonds (attach schedule)				
	11	Investments – land, buildings, and equipment basis <u>5,931,462.</u>				
	Less: accumulated depreciation (attach schedule) SEE STMT 7 <u>376,183.</u>		5,639,560.	5,555,279.	5,225,000.	
12	Investments – mortgage loans					
13	Investments – other (attach schedule)					
14	Land, buildings, and equipment basis <u>3,849,155.</u>					
	Less: accumulated depreciation (attach schedule) SEE STMT 8 <u>90,871.</u>		3,686,866.	3,758,284.	3,200,000.	
15	Other assets (describe SEE STATEMENT 9)		9,192,344.	7,279,912.	5,621,000.	
16	Total assets (to be completed by all filers – see instructions Also, see page 1, item I)		62,136,757.	58,198,365.	53,758,322.	
LIABILITIES	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe SEE STATEMENT 10)		953,250.	46,265.	
	23	Total liabilities (add lines 17 through 22)		953,250.	46,265.	
NET ASSETS OR FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, building, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds		61,183,507.	58,152,100.	
30	Total net assets or fund balances (see the instructions)		61,183,507.	58,152,100.		
31	Total liabilities and net assets/fund balances (see the instructions)		62,136,757.	58,198,365.		

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	61,183,507.
2	Enter amount from Part I, line 27a	2	-3,839,132.
3	Other increases not included in line 2 (itemize) SEE STATEMENT 11	3	807,725.
4	Add lines 1, 2, and 3	4	58,152,100.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	58,152,100.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shares MLC Company)		(b) How acquired P - Purchase D - Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a	N/A			
b				
c				
d				
e				

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

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

2 Capital gain net income or (net capital loss). [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) (see the instructions) If (loss), enter -0- in Part I, line 8]	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If 'Yes,' the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries			
(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2009	2,228,335.	68,590,489.	0.032488
2008	641,087.	76,132,759.	0.008421
2007	1,077,472.	49,915,940.	0.021586
2006	1,051,202.	49,179,450.	0.021375
2005	497,926.	8,950,015.	0.055634

2 Total of line 1, column (d)	2	0.139504
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.027901
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	52,143,521.
5 Multiply line 4 by line 3	5	1,454,856.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	844.
7 Add lines 5 and 6	7	1,455,700.
8 Enter qualifying distributions from Part XII, line 4	8	4,012,912.

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 the instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instr.)	1	844.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)		
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0.
3 Add lines 1 and 2	3	844.
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	844.
6 Credits/Payments		
a 2010 estimated tax prmts and 2009 overpayment credited to 2010	6a	
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	0.
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	23.
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed SEE STATEMENT 12	9	908.
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 2011 estimated tax Refunded	11	

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input type="checkbox"/> \$ 0. (2) On foundation managers <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities.</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) <u>CA</u>		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If 'No,' attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

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Part VII-A Statements Regarding Activities (Continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	13	X	
14	The books are in care of ▶ <u>VALERIE ERVIN</u> Telephone no ▶ <u>(323) 737-8000</u> Located at ▶ <u>2107 W. WASHINGTON BLVD. LOS ANGELES CA</u> ZIP + 4 ▶ <u>90018</u>			
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 ▶ <input type="checkbox"/> N/A			
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If 'Yes,' enter the name of the foreign country ▶	16	Yes	No
				X

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
1 a During the year did the foundation (either directly or indirectly).		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see the instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1 b	N/A
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?	1 c	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years ▶ 20__ , 20__ , 20__ , 20__		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement – see the instructions)	2 b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20__ , 20__ , 20__ , 20__		
3 a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If 'Yes,' did it have excess business holdings in 2010 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 2010.)	3 b	N/A
4 a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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 2010?	4 b	X

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

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?. Yes No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No

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

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

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d) N/A

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? Yes No

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? Yes No

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 13		178,835.	0.	0.

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

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

Total number of other employees paid over \$50,000 0

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter 'NONE.'

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
ROBINS, KAPLAN, MILLER & CERESI, LLP 2049 CENTURY PARK EAST, #3400 LOS ANGELES, CA 90067	LEGAL	204,419.
JOSEPH E. ADAMS 4244 MT. VERNON DRIVE LOS ANGELES, CA 90008	CONSULTING	138,294.
ROTHMAN, ALPERT, A LAW CORPORATION 16633 VENTURA BLVD., #1400 ENCINO, CA 91436	LEGAL	114,039.
HUTCHINSON & BLOODGOOD, LLP 101 N. BRAND BLVD., #1600 GLENDALE, CA 91203	ACCOUNTING	94,428.
IVAN HOFFMAN, ATTY AT LAW 10736 JEFFERSONBLVD., #436 CULVER CITY, CA 90230	MANAGEMENT	72,064.
Total number of others receiving over \$50,000 for professional services		0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc

	Expenses
1 N/A	
2	
3	
4	

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

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

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes:		
a	Average monthly fair market value of securities	1a	1,600,938.
b	Average of monthly cash balances	1b	40,490,647.
c	Fair market value of all other assets (see instructions)	1c	10,846,000.
d	Total (add lines 1a, b, and c)	1d	52,937,585.
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	52,937,585.
4	Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	794,064.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	52,143,521.
6	Minimum investment return. Enter 5% of line 5	6	2,607,176.

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	2,607,176.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	844.
b	Income tax for 2010 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	844.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	2,606,332.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	2,606,332.
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	2,606,332.

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	4,012,912.
b	Program-related investments – total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	4,012,912.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions)	5	844.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	4,012,068.

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 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				2,606,332.
2 Undistributed income, if any, as of the end of 2010:				
a Enter amount for 2009 only			2,421,669.	
b Total for prior years 20 <u>04</u> , 20 <u>05</u> , 20 <u>06</u>		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ <u>4,012,912.</u>				
a Applied to 2009, but not more than line 2a			2,421,669.	
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 2010 distributable amount				1,591,243.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2010 (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 2009 Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				1,015,089.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

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 2010, enter the date of the ruling ▶

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

	Tax year				(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
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 organization had \$5,000 or more in assets at any time during the year – see 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)

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 SEE STATEMENT 14				
Total				▶ 3a 3,235,000.
b Approved for future payment				
Total				▶ 3b

THE RAY CHARLES FOUNDATION

95-4047622

STATEMENT 1
FORM 990-PF, PART I, LINE 11
OTHER INCOME

	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
ALBUM INCOME	\$ 342,251.	\$ 342,251.	
FED/CA TAX REFUNDS	10,964.		
LEGAL SETTLEMENT	19,677.		
MASTER LICENSE REVENUE	29,085.	29,085.	
MISCELLANEOUS INCOME	25,400.		
OIL & GAS LEASE	2,771.	2,771.	
PUBLISHING INCOME	226,404.	226,404.	
ROYALTY RECEIPTS	1,268,148.	1,268,148.	
SAG PENSION RECEIPTS	64,411.		
TOTAL	\$ 1,989,111.	\$ 1,868,659.	0.

STATEMENT 2
FORM 990-PF, PART I, LINE 16A
LEGAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL SETTLEMENT EXPENSE	\$ 393,993.	\$ 196,996.		\$ 196,997.
	20,000.			20,000.
TOTAL	\$ 413,993.	\$ 196,996.	\$ 0.	\$ 216,997.

STATEMENT 3
FORM 990-PF, PART I, LINE 16B
ACCOUNTING FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	\$ 94,428.	\$ 47,214.		\$ 47,214.
TOTAL	\$ 94,428.	\$ 47,214.	\$ 0.	\$ 47,214.

STATEMENT 4
FORM 990-PF, PART I, LINE 16C
OTHER PROFESSIONAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CONSULTANTS	\$ 199,571.	\$ 99,786.		\$ 99,785.
MANAGEMENT	36,773.	18,387.		18,386.
OTHER	2,096.	1,048.		1,048.
TOTAL	\$ 238,440.	\$ 119,221.	\$ 0.	\$ 119,219.

THE RAY CHARLES FOUNDATION

95-4047622

STATEMENT 5
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OTHER	\$ 302.	\$ 151.		\$ 151.
PAYROLL TAXES	30,122.	15,061.		15,061.
PROPERTY TAX	29,299.	14,650.		14,649.
STATE FILING FEE	10.	5.		5.
TOTAL	\$ 59,733.	\$ 29,867.	\$ 0.	\$ 29,866.

STATEMENT 6
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ADVERTISING	\$ 18,753.	\$ 9,376.		\$ 9,377.
AMORTIZATION	1,533,333.	1,533,333.		N/A
COMPUTER EXPENSE	17,988.	8,994.		8,994.
ENTERTAINMENT	720.	360.		360.
GARDENING	3,883.	1,942.		1,941.
INSURANCE	92,680.	46,340.		46,340.
INTERNET	5,686.	2,843.		2,843.
INVESTMENT MGMT FEES - T	19,950.	19,950.		
LICENSES AND FEES	22,307.	11,153.		11,154.
MEETINGS	2,557.	1,279.		1,278.
MISCELLANEOUS	1,633.	817.		816.
OFFICE EXPENSE	5,979.	2,990.		2,989.
PEST CONTROL	510.	255.		255.
PLUMBING & ELECTRICAL	2,028.	1,014.		1,014.
POSTAGE & FREIGHT	3,729.	1,865.		1,864.
PROMOTION	1,026.	513.		513.
RENTAL EXPENSES	256,845.	256,845.		
REPAIRS & MAINTENANCE	19,905.	9,953.		9,952.
SECURITY	4,919.	2,460.		2,459.
SERVICE CHARGES	257.	128.		129.
SUPPLIES	9,509.	4,755.		4,754.
TELEPHONE	10,759.	5,380.		5,380.
TRASH SERVICE	1,044.	522.		522.
UTILITIES	16,570.	8,285.		8,285.
TOTAL	\$ 2,052,570.	\$ 1,931,352.	\$ 0.	\$ 121,219.

STATEMENT 7
FORM 990-PF, PART II, LINE 11
INVESTMENTS - LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
BUILDINGS	\$ 2,276,600.	\$ 376,183.	\$ 1,900,417.	\$ 1,611,250.
IMPROVEMENTS	41,112.	0.	41,112.	0.

THE RAY CHARLES FOUNDATION

95-4047622

STATEMENT 7 (CONTINUED)
FORM 990-PF, PART II, LINE 11
INVESTMENTS - LAND, BUILDINGS, AND EQUIPMENT

<u>CATEGORY</u>	<u>BASIS</u>	<u>ACCUM. DEPREC.</u>	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
LAND	\$ 3,613,750.		\$ 3,613,750.	\$ 3,613,750.
TOTAL	<u>\$ 5,931,462.</u>	<u>\$ 376,183.</u>	<u>\$ 5,555,279.</u>	<u>\$ 5,225,000.</u>

STATEMENT 8
FORM 990-PF, PART II, LINE 14
LAND, BUILDINGS, AND EQUIPMENT

<u>CATEGORY</u>	<u>BASIS</u>	<u>ACCUM. DEPREC.</u>	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
FURNITURE AND FIXTURES	\$ 79,431.	\$ 14,708.	\$ 64,723.	\$ 0.
MACHINERY AND EQUIPMENT	2,070,224.	25,819.	2,044,405.	2,000,000.
BUILDINGS	919,500.	48,849.	870,651.	1,200,000.
IMPROVEMENTS	0.	1,495.	-1,495.	0.
LAND	780,000.		780,000.	0.
TOTAL	<u>\$ 3,849,155.</u>	<u>\$ 90,871.</u>	<u>\$ 3,758,284.</u>	<u>\$ 3,200,000.</u>

STATEMENT 9
FORM 990-PF, PART II, LINE 15
OTHER ASSETS

	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
NET INTANGIBLE ASSETS	\$ 7,279,912.	\$ 5,621,000.
TOTAL	<u>\$ 7,279,912.</u>	<u>\$ 5,621,000.</u>

STATEMENT 10
FORM 990-PF, PART II, LINE 22
OTHER LIABILITIES

SECURITY DEPOSITS	\$ 46,265.
TOTAL	<u>\$ 46,265.</u>

STATEMENT 11
FORM 990-PF, PART III, LINE 3
OTHER INCREASES

OTHER INCREASES	\$ 807,725.
TOTAL	<u>\$ 807,725.</u>

STATEMENT 12
FORM 990-PF, PART VI, LINE 9
TAX DUE

TAX DUE	\$	867.
LATE PAYMENT PENALTY		30.
LATE INTEREST		11.
TOTAL	\$	<u>908.</u>

STATEMENT 13
FORM 990-PF, PART VIII, LINE 1
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
VALERIE ERVIN 2107 W. WASHINGTON BLVD. LOS ANGELES, CA 90018	PRESIDENT 40	\$ 178,835.	\$ 0.	\$ 0.
JOSEPH ADAMS 4244 MOUNT VERNON LOS ANGELES, CA 90008	CHAIRMAN 1	0.	0.	0.
RONAL J. BOYD P.O. BOX 1616 REDONDO BEACH, CA 90278	SECRETARY 1	0.	0.	0.
REV. CECIL L. MURRAY 4821 PARKLEN AVENUE LOS ANGELES, CA 90043	TREASURER 1	0.	0.	0.
MAURI REESE 28632 ROADSIDE DRIVE, #245 AGOURA HILLS, CA 91301	DIRECTOR 1	0.	0.	0.
RAMSEY JAY JR. 2107 W. WASHINGTON BLVD. LOS ANGELES, CA 90018	DIRECTOR 1	0.	0.	0.
DIANE TREISTER 349 S. LINDEN DRIVE, B BEVERLY HILLS, CA 90212	DIRECTOR 1	0.	0.	0.
TOTAL		<u>\$ 178,835.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

THE RAY CHARLES FOUNDATION

95-4047622

STATEMENT 14
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
MOREHOUSE COLLEGE 830 WESTVIEW DRIVE S.W., ATLANTA, GA 30314	NONE	P/F	EDUCATIONAL PURPOSES	\$ 3,000,000.
BOYS & GIRLS CLUB OF THE L.A. HARBOR 1200 S. CABRILLO AVENUE SAN PEDRO, CA 90731	NONE	NOT A FDN	EDUCATIONAL	75,000.
CEDARS-SINAI MEDICAL CENTER 8700 BEVERLY BLVD. LOS ANGELES, CA 90048		NOT A FDN	HEALTH CARE	25,000.
ORALINGUA SCHOOL FOR THE HEARING IMPAIR 7056 SOUTH WASHINGTON AVENUE WHITTIER, CA 90602	NONE	NOT A FDN	EDUCATION	25,000.
SCHOOL ON WHEELS 83 S. PALM VENTURA, CA 93001	NONE	NOT A FDN	EDUCATION	12,500.
THE LITERACY TRUST, INC. 3324 W. UNIVERSITY AVENUE, #116 GAINESVILLE, FL 32607	NONE	NOT A FDN	EDUCATION	25,000.
FRIENDS, THE FOUNDATION OF THE CAAM 600 STATE DRIVE LOS ANGELES, CA 90037	NONE	NOT A FDN	SUPPORT MUSEUM	12,500.
HEAR CENTER 301 EAST DEL MAR BLVD. PASADENA, CA 91101	NONE	NOT A FDN	HELP PEOPLE WHO ARE HEARING IMPAIRED.	10,000.
P.S. ARTS 1728 ABBOT KINNEY BLVD., STE. 101 VENICE, CA 90291	NONE	NOT A FDN	PROMOTE EDUCATION OF THE ARTS.	25,000.
THE RIVER SCHOOL 4800 MACARTHUR BLVD., NW WASHINGTON, DC 20007	NONE	NOT A FDN	FOSTER EDUCATIONAL EXPERIENCES FOR YOUTH	25,000.
TOTAL				\$ <u>3,235,000.</u>

STATEMENT 15
FORM 990-PF, PART XVI-A, LINE 11
OTHER REVENUE

OTHER REVENUE	(A) BUSI- NESS CODE	(B) UNRELATED BUSINESS AMOUNT	(C) EXCLU- SION CODE	(D) EXCLUDED AMOUNT	(E) RELATED OR EXEMPT FUNCTION
ALBUM INCOME			15	\$ 342,251.	
FED/CA TAX REFUNDS			1	10,964.	
LEGAL SETTLEMENT			1	19,677.	
MASTER LICENSE REVENUE			15	29,085.	
MISCELLANEOUS INCOME			1	25,400.	
OIL & GAS LEASE			1	2,771.	
PUBLISHING INCOME			15	226,404.	
ROYALTY RECEIPTS			15	1,268,148.	
SAG PENSION RECEIPTS			14	64,411.	
TOTAL		<u>\$ 0.</u>		<u>\$ 1,989,111.</u>	<u>\$ 0.</u>

THE RAY CHARLES FOUNDATION

95-4047622

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS PCT.	CUR 179 BONUS	SPECIAL DEPR ALLOW	PRIOR 179/ BONUS/ SP DEPR	PRIOR DEC BAL DEPR	SALVAG /BASIS REDUCT	DEPR BASIS	PRIOR DEPR	METHOD	LIFE	RATE	CURRENT DEPR
FORM 990/990-PF																
AMORTIZATION																
1	MASTER RECORDING	1/01/08		23,000,000							23,000,000	3,066,666	S/L	15		1,533,333
TOTAL AMORTIZATION				23,000,000							23,000,000	3,066,666				1,533,333
MACHINERY AND EQUIPMENT																
10	STUDIO EQUIP FRM ESTATE	6/10/04		35,000							35,000	10,500	S/L	HY	5	0
11	STUDIO EQUIP FRM ESTATE	6/10/04		465,000							465,000	139,500	S/L	HY	5	0
12	STUDIO EQUIP FRM ESTATE	6/10/04		1,500,000							1,500,000	450,000	S/L	HY	5	0
13	COMPUTER SOFTWARE	6/10/04		7,320							7,320		S/L	3		0
15	EQUIPMENT - WASHINGTON BL	6/30/09		18,500							18,500	1,850	S/L	HY	5	20,000
17	OFFICE EQUIPMENT - WASHIN	4/30/10		11,521							11,521		S/L	5		1,536
18	STUDIO EQUIPMENT	2/15/10		32,883							32,883		S/L	5		5,673
TOTAL MACHINERY AND EQUIPME				2,070,224							2,070,224	601,850				10,909
WASHINGTON BLVD																
7	WASHINGTON BLVD BLDG	6/10/04		425,033							425,033	21,796	S/L	MM	39	02564
8	WASHINGTON BLVD LAND	6/10/04		780,000							780,000					0
9	WASHINGTON BLVD - F&F	6/10/04		12,665							12,665	3,619	S/L	HY	7	14290
14	WASHINGTON BLVD - F&F	6/30/09		8,671							8,671	619	S/L	HY	7	14290
16	WASHINGTON BLVD - F&F	3/31/10		58,093							58,093		S/L	7		6,224
TOTAL WASHINGTON BLVD				1,284,462							1,284,462	26,034				20,171

THE RAY CHARLES FOUNDATION

95-4047622

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR ALLOW	PRIOR 179/ BONUS/ SP. DEPR.	PRIOR DEC BAL DEPR.	SALVAG /BASIS REDUCT.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.	
	TOTAL DEPRECIATION			3,354,686		0	0	0	0	0	3,354,686	627,884				31,080	
RENTAL ACTIVITY - RESIDENTIAL APT BLDG, LOS ANGELES, CA																	
LINDEN 85																	
2	LINDEN 85 LAND	6/10/04		1,153,750							1,153,750					0	
3	LINDEN 85 BLDG	6/10/04		636,000							636,000	46,250	S/L	MM	27.5	.03636	23,125
	TOTAL LINDEN 85			1,789,750		0	0	0	0	0	1,789,750	46,250					23,125
LINDEN 91																	
4	LINDEN 91 LAND	6/10/04		2,460,000							2,460,000					0	
5	LINDEN 91 BLDG	6/10/04		1,640,000							1,640,000	119,260	S/L	MM	27.5	.03636	59,630
6	LINDEN 91 IMPROVEMENTS	6/30/08		41,112							41,112	2,305	S/L	MM	27.5	.03636	1,495
	TOTAL LINDEN 91			4,141,112		0	0	0	0	0	4,141,112	121,565					61,125
	TOTAL DEPRECIATION			5,930,862		0	0	0	0	0	5,930,862	167,815					84,250
	GRAND TOTAL AMORTIZATION			23,000,000		0	0	0	0	0	23,000,000	3,066,666					1,533,333
	GRAND TOTAL DEPRECIATION			9,285,548		0	0	0	0	0	9,285,548	795,699					115,330

Form **4562**

**Depreciation and Amortization
(Including Information on Listed Property)**

OMB No 1545-0172

2010

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No **67**

Name(s) shown on return
THE RAY CHARLES FOUNDATION

Identifying number
95-4047622

Business or activity to which this form relates

FORM 990/990-PF

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I

1	Maximum amount (see instructions)	1
2	Total cost of section 179 property placed in service (see instructions)	2
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3
4	Reduction in limitation Subtract line 3 from line 2. If zero or less, enter -0-	4
5	Dollar limitation for tax year Subtract line 4 from line 1. If zero or less, enter -0- If married filing separately, see instructions	5
6	(a) Description of property	(b) Cost (business use only)
		(c) Elected cost
7	Listed property Enter the amount from line 29	7
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8
9	Tentative deduction Enter the smaller of line 5 or line 8	9
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12
13	Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12	13

Note: Do not use Part II or Part III below for listed property. Instead, use Part V

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14
15	Property subject to section 168(f)(1) election	15
16	Other depreciation (including ACRS)	16
		13,433.

Part III MACRS Depreciation (Do not include listed property.) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17
		17,647.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>	

Section B – Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only – see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C – Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions)

21	Listed property Enter amount from line 28	21
22	Total Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return. Partnerships and S corporations – see instructions	22
		31,080.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIZ0812L 10/29/10

Form **4562** (2010)

AS AMENDED

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles)

24a Do you have evidence to support the business/investment use claimed?					<input type="checkbox"/> Yes	<input type="checkbox"/> No	24b If 'Yes,' is the evidence written?			<input type="checkbox"/> Yes	<input type="checkbox"/> No
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost			
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)								25			
26 Property used more than 50% in a qualified business use:											
27 Property used 50% or less in a qualified business use:											
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1								28			
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29			

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions)

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		

Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year	
42 Amortization of costs that begins during your 2010 tax year (see instructions)						
43 Amortization of costs that began before your 2010 tax year					43	1,533,333.
44 Total. Add amounts in column (f). See the instructions for where to report					44	1,533,333.

**Depreciation and Amortization
(Including Information on Listed Property)**

2010

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
Sequence No **67**

Name(s) shown on return
THE RAY CHARLES FOUNDATION

Identifying number
95-4047622

Business or activity to which this form relates

RENTAL ACTIVITY - RESIDENTIAL APT BLDG, LOS ANGELES, CA

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17	84,250.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B - Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C - Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions)

21	Listed property Enter amount from line 28	21	
22	Total Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	84,250.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	