Form 990-PF — Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

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.

OMB No 1545-0052

2011

For calendar year 2011 or tax year beginning , and ending

Name of foundation
JOHN C. & ADA K. ARTER MEMORIAL FUND
F/B/O SALVATION ARMY

A Employer identification number: 55-6138362

Number and street (or P O box number if mail is not delivered to street address) Room/suite
CITY NATIONAL BANK P.O. BOX 4168

B Telephone number: 304-345-9400

City or town, state, and ZIP code
CHARLESTON, WV 25364-4168

C If exemption application is pending, check here ▶ [ ]

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

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
[X] 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) ▶$ 3,111,149.

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

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))

	Line	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received			N/A	
	2 Check ▶ [X] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	67,334.	67,334.		STATEMENT 1
	4 Dividends and interest from securities	50,891.	50,891.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	161.			
	b Gross sales price for all assets on line 6a 1,243,717.				
	7 Capital gain net income (from Part IV, line 2)		161.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income				
	12 **Total.** Add lines 1 through 11	118,386.	118,386.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees STMT 3	2,299.	2,299.		0.
	c Other professional fees STMT 4	19,620.	19,620.		0.
	17 Interest				
	18 Taxes STMT 5	2,065.	2,065.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses				
	24 **Total operating and administrative expenses.** Add lines 13 through 23	23,984.	23,984.		0.
	25 Contributions, gifts, grants paid	159,173.			159,173.
	26 **Total expenses and disbursements.** Add lines 24 and 25	183,157.	23,984.		159,173.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-64,771.			
	b **Net investment income** (if negative, enter -0-)		94,402.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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Part II Balance Sheets (Attached schedules and amounts in the description column should be for end-of-year amounts only)	Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets			
1 Cash - non-interest-bearing			
2 Savings and temporary cash investments	103,566.	256,540.	256,540.
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 STMT 6	733,814.	527,784.	542,978.
b Investments - corporate stock STMT 7	939,724.	861,808.	903,780.
c Investments - corporate bonds STMT 8	1,302,540.	1,368,741.	1,407,850.
11 Investments - land, buildings, and equipment basis ▶			
Less accumulated depreciation ▶			
12 Investments - mortgage loans			
13 Investments - other			
14 Land, buildings, and equipment: basis ▶			
Less accumulated depreciation ▶			
15 Other assets (describe ▶)			
16 **Total assets** (to be completed by all filers)	3,079,644.	3,014,873.	3,111,148.
Liabilities			
17 Accounts payable and accrued expenses			
18 Grants payable			
19 Deferred revenue			
20 Loans from officers, directors, trustees, and other disqualified persons			
21 Mortgages and other notes payable			
22 Other liabilities (describe ▶)			
23 **Total liabilities** (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances			
Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
24 Unrestricted			
25 Temporarily restricted			
26 Permanently restricted			
Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31			
27 Capital stock, trust principal, or current funds	0.	0.	
28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
29 Retained earnings, accumulated income, endowment, or other funds	3,079,644.	3,014,873.	
30 **Total net assets or fund balances**	3,079,644.	3,014,873.	
31 **Total liabilities and net assets/fund balances**	3,079,644.	3,014,873.	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,079,644.
2 Enter amount from Part I, line 27a	2	-64,771.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	3,014,873.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	3,014,873.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b	SEE ATTACHED STATEMENTS			
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e	1,243,717.		1,243,556.	161.

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				161.

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 — 161.

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):
If gain, also enter in Part I, line 8, column (c).
If (loss), enter -0- in Part I, line 8 — 3 — N/A

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2010	158,033.	3,124,472.	.050579
2009	148,256.	3,016,962.	.049141
2008	299,869.	3,132,549.	.095727
2007	203,412.	3,379,286.	.060194
2006	136,277.	3,376,905.	.040356

2	**Total** of line 1, column (d)	2	.295997
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	.059199
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	3,100,090.
5	Multiply line 4 by line 3	5	183,522.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	944.
7	Add lines 5 and 6	7	184,466.
8	Enter qualifying distributions from Part XII, line 4	8	159,173.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ______ (attach copy of letter if necessary-see instructions)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b			1	1,888.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			2	0.
3 Add lines 1 and 2			3	1,888.
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	1,888.
6 Credits/Payments:				
a 2011 estimated tax payments and 2010 overpayment credited to 2011	6a	2,080.		
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	2,080.
8 Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached			8	
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	192.
11 Enter the amount of line 10 to be: **Credited to 2012 estimated tax** ▶		192. Refunded ▶	11	0.

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		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*	1b		X
c Did the foundation file **Form 1120-POL** for this year?	1c		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*	2		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*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		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?	6	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.*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ WV			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	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 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ GRAY, GRIFFITH & MAYS, A.C. Telephone no. ▶ 304-345-9400
Located at ▶ 707 VIRGINIA ST. E., SUITE 400, CHARLESTON, WV ZIP+4 ▶ 25301

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** - Check here ▶ [X]
and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 | 0.

			Yes	No
16	At any time during calendar year 2011, 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?	16		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

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 [X] No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? [ ] Yes [X] No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? [ ] Yes [X] No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? [ ] Yes [X] 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 [X] 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 [X] 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 instructions)?	1b		X
	Organizations relying on a current notice regarding disaster assistance check here ▶ [ ]			
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 2011?	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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? [ ] Yes [X] No			
	If "Yes," list the years ▶ ____, ____, ____, ____			
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 [X] No			
b	If "Yes," did it have excess business holdings in 2011 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 2011.)* 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 2011?	4b		X

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

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

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes [X] 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 [X] No

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

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

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? — 6b: No 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 [X] No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A — 7b

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
CITY NATIONAL BANK, WV 10 HALE ST. SUITE 100 CHARLESTON, WV 25301	TRUSTEE 0.00	0.	0.	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

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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.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	2,967,246.
b	Average of monthly cash balances	1b	180,053.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	3,147,299.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	3,147,299.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	47,209.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,100,090.
6	**Minimum investment return.** Enter 5% of line 5	6	155,005.

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	155,005.
2a	Tax on investment income for 2011 from Part VI, line 5 — 2a: 1,888.		
b	Income tax for 2011. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	1,888.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	153,117.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	153,117.
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	153,117.

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	159,173.
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	159,173.
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	159,173.

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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				153,117.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only			0.	
b Total for prior years: ___ , ___ , ___		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006				
b From 2007				
c From 2008 57,474.				
d From 2009				
e From 2010 3,867.				
f Total of lines 3a through e	61,341.			
4 Qualifying distributions for 2011 from Part XII, line 4: ▶ $ 159,173.				
a Applied to 2010, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2011 distributable amount				153,117.
e Remaining amount distributed out of corpus	6,056.			
5 Excess distributions carryover applied to 2011 (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	67,397.			
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 2010. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2012 Subtract lines 7 and 8 from line 6a	67,397.			
10 Analysis of line 9:				
a Excess from 2007				
b Excess from 2008 57,474.				
c Excess from 2009				
d Excess from 2010 3,867.				
e Excess from 2011 6,056.				

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 2011, 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	Prior 3 years			
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year-see 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 ▶ [X] 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				
SALVATION ARMY PO BOX 6130 CHARLESTON, WV 25362			INCOME DISTRIBUTION	159,173.
Total			▶ 3a	159,173.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					67,334.
4 Dividends and interest from securities					50,891.
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					161.
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		0.	118,386.

13 Total. Add line 12, columns (b), (d), and (e) 13 118,386.

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

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes).
3	THE SOURCE OF INCOME IS FROM INVESTMENTS, THIS INCOME IS TO BE
4	DISTRIBUTED TO THE SALVATION ARMY.
8	

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.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

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		

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

Signature of officer or trustee: [signature] Date: 5/11/2012 Title: ASST VICE PRES & TRST O

May the IRS discuss this return with the preparer shown below (see instr)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
K. SCOTT PHILLIPS	K. Scott Phillips CPA	5/11/12		P01323272

Firm's name ▶ GRAY, GRIFFITH & MAYS, A.C. Firm's EIN ▶ 55-0621482

Firm's address ▶ 707 VIRGINIA STREET, EAST, SUITE 400 CHARLESTON, WV 25301-2711 Phone no. (304) 345-9400

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	FEDERAL FARM CREDIT BANK BD @ 3.625%	P	06/22/10	06/15/11
b	FEDERAL FARM CREDIT BANK BDS @ 2.30%	P	08/25/11	12/15/11
c	FEDERAL HOME LOAN BANK 0.50%	P	08/25/10	05/28/11
d	FEDERAL HOME LOAN BANK BD 2.50%	P	11/03/10	08/26/11
e	FEDERAL HOME LOAN BANK BD 2.05%	P	11/12/10	09/10/11
f	FEDERAL HOME LOAN BANK BD @ 3.00%	P	04/12/11	05/20/11
g	FEDERAL HOME LOAN BANK BD 2.00% 11-24-17	P	05/04/11	08/24/11
h	FEDERAL HOME LOAN BANK BD 0.50% 12-16-13	P	05/26/11	09/16/11
i	FEDERAL HOME LOAN BANK BD 2.50%	P	05/25/11	09/23/11
j	FEDERAL NATL MTG ASSN @ 2%	P	01/06/11	07/28/11
k	FEDERAL NATIONAL MTG ASSN 2%	P	11/10/10	08/24/11
l	FREDDIE MAC 3.5%	P	06/21/11	10/17/11
m	FEDERATED INCOME TRUST SH BEN INT - FUND 36	P	VARIOUS	06/23/11
n	FEDERATED TOTAL RETURN ULTRA SHORT BD #108	P	11/18/11	12/01/11
o	GINNIE MAE 3.5%	P	06/14/11	12/21/11

	(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	25,000.		25,000.	0.
b	50,000.		50,000.	0.
c	50,000.		50,000.	0.
d	77,778.		77,661.	117.
e	50,000.		50,000.	0.
f	25,000.		25,000.	0.
g	50,000.		50,000.	0.
h	37,500.		37,500.	0.
i	50,000.		50,000.	0.
j	50,000.		50,000.	0.
k	50,000.		49,975.	25.
l	49,216.		49,216.	0.
m	25,000.		25,210.	-210.
n	9,892.		9,913.	-21.
o	1,824.		1,824.	0.

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
	(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	
a				0.
b				0.
c				0.
d				117.
e				0.
f				0.
g				0.
h				0.
i				0.
j				0.
k				25.
l				0.
m				-210.
n				-21.
o				0.

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	GNMA 3.50%	P	09/15/11	10/20/11
b	GCB CISCO SYSTEM 5.25%	P	03/03/06	02/22/11
c	CITIGROUP INC COM NEW	P	VARIOUS	10/17/11
d	EATON VANCE TAX MGD DIV EQUITY INCOME FUND	P	05/06/08	12/07/11
e	EATON VANCE TX MGD GL BUY WR OPPORTUNITIES FD	P	05/06/08	12/07/11
f	EATON VANCE TAX MDG GLBL DIV EQUITY INCOME FD	P	VARIOUS	12/07/11
g	EATON VANCE RISK MGD DIVER EQUITY INCOME FUND	P	06/26/08	12/07/11
h	FEDERAL HOME LN BANK 1.25%	P	07/21/10	07/29/11
i	FEDERAL HOME LOAN BANK BD 5.00%	P	12/14/07	12/27/11
j	FEDERAL HOME LOAN BANK BD 2.2%	P	01/21/10	02/08/11
k	FEDERAL HOME LOAN BANK BD 1.25%	P	06/25/10	06/30/11
l	FEDERAL HOME LOAN BANK BD 1.5%	P	06/24/10	06/30/11
m	GENERAL ELECTRIC CAPITAL 5.50%	P	11/09/06	11/15/11
n	INTERNATIONAL BUSINESS MACHS COM	P	03/03/00	12/07/11
o	MARATHON PETE CORP COM	P	06/24/09	07/21/11

	(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	1,329.		1,329.	0.
b	25,000.		25,000.	0.
c	2,319.		19,653.	-17,334.
d	13,111.		24,828.	-11,717.
e	15,800.		25,425.	-9,625.
f	6,393.		12,523.	-6,130.
g	5,797.		10,329.	-4,532.
h	50,000.		50,000.	0.
i	100,000.		100,000.	0.
j	25,000.		25,000.	0.
k	25,000.		25,000.	0.
l	50,000.		50,000.	0.
m	25,000.		25,000.	0.
n	74,420.		43,257.	31,163.
o	3,995.		2,383.	1,612.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a				0.
b				0.
c				-17,334.
d				-11,717.
e				-9,625.
f				-6,130.
g				-4,532.
h				0.
i				0.
j				0.
k				0.
l				0.
m				0.
n				31,163.
o				1,612.

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	MERRILL LYNCH & COMPANY S/P 4.13%	P	04/24/06	05/12/11
b	OCCIDENTAL PETE CORP DEL COM	P	06/03/03	12/07/11
c	PROTECTIVE LIFE SECD TRS SEC MTNF 4.000%	P	07/16/09	04/01/11
d	TOYOTA MOTOR CREDIT CORP 5.25%	P	12/15/06	12/22/11
e	WELLS FARGO @ 6.45%	P	03/12/09	02/01/11
f	CAPITAL GAINS DIVIDENDS			
g				
h				
i				
j				
k				
l				
m				
n				
o				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	25,000.		25,000.	0.
b	19,068.		3,342.	15,726.
c	25,000.		25,022.	-22.
d	100,000.		100,000.	0.
e	50,000.		49,166.	834.
f	275.			275.
g				
h				
i				
j				
k				
l				
m				
n				
o				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
	(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	
a				0.
b				15,726.
c				-22.
d				0.
e				834.
f				275.
g				
h				
i				
j				
k				
l				
m				
n				
o				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter "-0-" in Part I, line 7 }	2	161.
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	3	N/A

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
CITY NATIONAL BANK	67,334.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	67,334.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CITY NATIONAL BANK	51,166.	275.	50,891.
TOTAL TO FM 990-PF, PART I, LN 4	51,166.	275.	50,891.

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	2,269.	2,269.		0.
DEMAND NOTE SUB-ACCOUNTING FEE	30.	30.		0.
TO FORM 990-PF, PG 1, LN 16B	2,299.	2,299.		0.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TRUST FEES	19,620.	19,620.		0.
TO FORM 990-PF, PG 1, LN 16C	19,620.	19,620.		0.

FORM 990-PF TAXES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL EXCISE TAX	2,065.	2,065.		0.
TO FORM 990-PF, PG 1, LN 18	2,065.	2,065.		0.

FORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 6

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
US GOVT. OBLIG SEE STMT 9	X		527,784.	542,978.
TOTAL U.S. GOVERNMENT OBLIGATIONS			527,784.	542,978.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			527,784.	542,978.

FORM 990-PF CORPORATE STOCK STATEMENT 7

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCKS SEE STMT 10	861,808.	903,780.
TOTAL TO FORM 990-PF, PART II, LINE 10B	861,808.	903,780.

FORM 990-PF CORPORATE BONDS STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS SEE STMT 11	1,368,741.	1,407,850.
TOTAL TO FORM 990-PF, PART II, LINE 10C	1,368,741.	1,407,850.

John C. & Ada K. Arter Memorial Fund FBO Salvation Army
FEIN 55-6138362
990-PF Balance Sheet
Part II Line 10 A
12/31/2011

Statement 9

Description	Shares	Market Cost Per Share	Cost Basis	12/31/11 Market Value
Ginnie Mae 3 5%	23,176 060	101.235	23,176.06	23,462 28
GNMA 3 5%	23,671 060	99.371	23,671 06	23,522 17
FFCB 2 24% 12-19-18	50,000.000	100.166	50,000.00	50,083 00
FHLB 2 0% 11-21-17	50,000 000	100.066	50,000 00	50,033 00
FHLB BD 3.0% 3-27-20	150,000.000	106.654	148,989 00	159,981.00
FHLB 2 50% 11-24-20	22,222.220	100 308	22,188 89	22,290 66
FHLB 0 50% 09-29-16	50,000 000	100 038	50,000.00	50,019 00
FHLB 3 10% 11-15-21	50,000 000	100 182	50,000 00	50,091.00
FHLB 2 125% 11-23-15	25,000 000	100 710	25,000 00	25,177.50
FHLB 4 0% 07-06-26	25,000.000	100 036	24,968.75	25,009 00
FED KAUFMANN FD #66	2,906 977	4.650	10,000.00	13,517 44
Fed Income TR #36	4,646 856	10 715281	49,790 30	49,792.37
			$ 527,784.06	**$ 542,978.42**

John C. & Ada K. Arter Memorial Fund FBO Salvation Army
FEIN 55-6138362
990-PF Balance Sheet
Part II Line 10 B
12/31/2011 **Statement 10**

Description	Shares	Market Cost Per Share	Cost Basis	12/31/11 Market Value
AT&T	300.000	30 240000	7,523 99	9,072 00
Abbott Labs	200 000	56 230000	9,623 99	11,246 00
Amgen Inc	400 000	64 210000	28,272 00	25,684 00
Automatic Data Proce	200 000	54 010000	7,503 78	10,802 00
BB&T Corp	500 000	25 170000	11,307 50	12,585 00
Berkshire Hathaway	100 000	76 300000	7,068 56	7,630 00
Centurylink Inc	200 000	37 200000	5,670 00	7,440 00
Chevron Corporation	100 000	106 400000	7,637 40	10,640 00
Cisco Sys Inc	300 000	18.080000	5,355 74	5,424 00
CitiGroup Cap PFD ST	1,000 000	21 410000	25,000 00	21,410 00
Coca-Cola Company	500 000	69 970000	24,496 24	34,985 00
Conocophillips	200 000	72 870000	9,173 98	14,574 00
Consol Energy Corp	500 000	36 700000	21,704 64	18,350 00
Walt Disney Company	200 000	37 500000	5,832 93	7,500 00
Dodge & Cox Income F	3,763 708	13 300001	50,000 00	50,057 32
Dollar Gen Corp New	250 000	41 140000	5,831 05	10,285 00
E I Dupont	600 000	45 780000	31,033 75	27,468.00
Eaton Tx Mgd Div Eq	1,475 000	8.870000	23,499 00	13,083 25
Eaton Tax Mgd GL Buy	1,500 000	10 280000	24,355 00	15,420 00
Eaton Tx MGD GL Div	775 000	8 250000	12,121 75	6,393 75
Eaton Risk Mgd Div	550 000	10 450000	10,341 00	5,747 50
Europacific Growth F	489 716	35 159991	25,000 86	17,218 41
Exxon Mobil Corp	300 000	84 760000	11,331 62	25,428 00
Amer Fundamental A	639 684	35 390005	27,500 61	22,638 42
General Electric Co	1,000 000	17 910000	26,461 92	17,910 00
General Mills Inc	200 000	40.410000	5,820 79	8,082.00
CB Goldman Sachs Grp	50,000 000	95 858000	50,000 00	47,929 00
Growth Fd of America	1,303 447	28 729998	42,500 98	37,448 03
H J Heinz Co	200 000	54 040000	7,225 99	10,808 00
Hewlett Packard Co	600 000	25 760000	23,471 00	15,456 00
Home Depot Inc	600.000	42.040000	25,893 52	25,224 00
Intel Corporation	300 000	24.250000	4,542 00	7,275 00
Ishares Iboxx $ Inve	350 000	113 760000	39,700 75	39,816 00
Ishares Trust	650 000	35 620000	24,123 45	23,153 00
Johnson & Johnson	600 000	65.580000	34,911 65	39,348 00
MDU Resources Group	300 000	21 460000	6,193 78	6,438 00
Marathon Oil Corp	200 000	29.270000	3,522 70	5,854 00
McDonalds Corp	200 000	100 330000	11,714 00	20,066 00
Microsoft Corp	500.000	25 960000	11,155 73	12,980.00
Nextera Energy Inc	300 000	60 880000	10,051 00	18,264 00
Oracle Sys Corp	200 000	25 650000	3,420 00	5,130 00
Peabody Energy Group	500 000	33 110000	19,042 42	16,555 00
Pinnacle West Capita	700 000	48 180000	27,511 00	33,726 00
Proctor & Gamble Co	500 000	66 710000	29,096.99	33,355 00
Sysco Corp	200 000	29 330000	4,604 96	5,866 00
Texas Instruments	200 000	29 110000	3,155 70	5,822 00
3M Co Com	200 000	81 730000	11,431 87	16,346 00
United Parcel Servic	200 000	73 190000	9,634 00	14,638 00
United Technologies	300.000	73 090000	10,555 09	21,927 00
Verizon Comm Inc	200 000	40 120000	5,547 25	8,024 00
Walmart Stores Inc	200 000	59 760000	10,663 98	11,952 00
Walgreen Company	100 000	33.060000	2,669 70	3,306 00
			$ 861,807.61	**$ 903,779.68**

John C. & Ada K. Arter Memorial Fund FBO Salvation Army
FEIN 55-6138362
990-PF Balance Sheet
Part II Line C
12/31/2011

Statement 11

Description	Shares	Market Cost Per Share	Cost Basis	12/31/11 Market Value
Avon 4.2% 07-15-18	50,000 000	100 152	50,625.00	50,076.00
BB&T 5.2% 12-23-15	25,000.000	107.060	24,649.75	26,765.00
BB&T Cap 8.95% PFD	1,000.000	26.270	25,003.50	26,270 00
Bk of Amer 8.2% PFD	2,000.000	22.100	50,000.00	44,200.00
Bank of Amer 5.35%	25,000.000	95.670	25,000.00	23,917.50
GCB Bell South 4 75%	100,000 000	103 348	100,000.00	103,348.00
Berkshre 4 25% 1-15-21	25,000.000	108 972	25,000 00	27,243.00
Berkshiir 2.20%021516	25,000 000	102.937	25,114.50	25,734.25
Cabot Ark Sch 3.00%	25,000.000	103.545	25,000.00	25,886.25
Citigroup 5 125%	25,000.000	102 341	23,620.50	25,585 25
CW Edison 1 95% 9-1-16	25,000.000	99 831	24,850.00	24,957 75
Danville VA 4.20%	50,000.000	107.273	50,000.00	53,636.50
John Deere Cap 3.00%	50,000.000	102.752	50,000.00	51,376.00
Deutsche BK 6.625%	500.000	18 750	12,500.00	9,375.00
Du Pont 4.75% 3-15-15	25,000.000	110.841	24,781.25	27,710.25
Gen Elec 2.25% 110915	25,000.000	100 447	24,950 00	25,111.75
GE Cap 4.5% 03-15-13	50,000.000	102.292	47,225 00	51,146 00
GE Cap 4 4% 04-15-14	50,000.000	103.527	50,000.00	51,763 50
GE Cap 4.3% 05-15-12	50,000.000	100.762	50,000.00	50,381.00
Georgia Power 4.25%	25,000.000	111.550	24,973 75	27,887.50
Goldman Sachs 4 00%	25,000.000	96.273	25,000.00	24,068.25
Goldman Sachs 6 20%	800.000	24.010	20,000.00	19,208.00
HSBC Bk CD 2% 102723	25,000.000	99 760	25,000.00	24,940.00
Hewlet Packar 2.125%	25,000 000	98.240	24,825.00	24,560.00
ING Group 8.5% PFD	1,000.000	21 780	25,000.00	21,780.00
JPMorgan 3.5% (Step)	25,000.000	100 540	25,000 00	25,135.00
JPMorgan 2.625% 102920	25,000 000	86.900	24,812.50	21,725 00
Lockheed 2.125% 9/16	25,000 000	100.163	25,125.00	25,040.75
Microsoft Corp 4.2%	25,000 000	115.278	25,000.00	28,819.50
Montgomery VA 3.643%	50,000 000	101 262	50,000.00	50,631.00
Morgan Stanley 6 45%	1,100.000	21 760	27,500.00	23,936.00
NY NY 3 947% 10-01-19	25,000.000	107.251	25,000.00	26,812 75
Pitney Bowes 4.75%	25,000 000	102.810	25,000.00	25,702 50
Prude 6.00% 12-01-17	75,000.000	111.217	74,550.00	83,412.75
Rainsplitter 4.125%	50,000.000	107.864	49,938.50	53,932 00
Ultra Short BD #108	1,647.007	9.130	15,086 58	15,037.17
Verizon 4.35% 021513	50,000.000	103.916	48,610.00	51,958.00
Wachovia 5.75% 2-1-18	50,000.000	113 602	50,000.00	56,801 00
Wells Fargo 7.875%	2,000.000	25.990	50,000.00	51,980.00
			$ 1,368,740.83	**$ 1,407,850.17**