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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**2011**

For calendar year 2011 or tax year beginning 10/01, 2011, and ending 09/30, 2012

Name of foundation ARCANA FOUNDATION, INC		A Employer identification number 52-1515952
Number and street (or P O box number if mail is not delivered to street address) 1156 FIFTEENTH STREET NW, SUITE 605	Room/suite	B Telephone number (see instructions) 202-789-7280
City or town, state, and ZIP code WASHINGTON, DC 20005		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 3,834,775	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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 <input type="checkbox"/>

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) (see instructions))		(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 (attach schedule)				
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	205	205		
	4 Dividends and interest from securities	61,761	61,761		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	22,729			
	b Gross sales price for all assets on line 6a	22,731			
	7 Capital gain net income (from Part IV, line 2)		22,729		
	8 Net short-term capital gain			0	
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	84,695	84,695	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	0			
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)	6,986	4,686		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	43,272			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	1,466			1,466
	24 Total operating and administrative expenses. Add lines 13 through 23	51,724	4,686	0	1,466
	25 Contributions, gifts, grants paid	285,000			285,000
26 Total expenses and disbursements. Add lines 24 and 25	336,724	4,686	0	286,466	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-252,029				
b Net investment income (if negative, enter -0-)		80,009			
c Adjusted net income (if negative, enter -0-)			0		

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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		10,148	21,940	21,940
	2 Savings and temporary cash investments		3,397,489	263,133	263,133
	3 Accounts receivable ▶ 7,594				
	Less: allowance for doubtful accounts ▶			7,594	7,594
	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 instructions)				
	7 Other notes and loans receivable (attach schedule) ▶				
	Less: allowance for doubtful accounts ▶ 0				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments—U S. and state government obligations (attach schedule)				
	b Investments—corporate stock (attach schedule)		144,880	1,161,898	1,335,413
	c Investments—corporate bonds (attach schedule)		307,713	2,161,776	2,206,695
	11 Investments—land, buildings, and equipment: basis ▶				
Liabilities	Less: accumulated depreciation (attach schedule) ▶				
	12 Investments—mortgage loans				
	13 Investments—other (attach schedule)				
	14 Land, buildings, and equipment: basis ▶				
	Less: accumulated depreciation (attach schedule) ▶				
	15 Other assets (describe ▶)				
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)		3,860,230	3,616,341	3,834,775
	17 Accounts payable and accrued expenses		31,546	31,500	
	18 Grants payable				
	19 Deferred revenue			8186	
	20 Loans from officers, directors, trustees, and other disqualified persons				
	21 Mortgages and other notes payable (attach schedule)				
	22 Other liabilities (describe ▶)				
	23 Total liabilities (add lines 17 through 22)		31,546	39,686	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> 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 ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.				
	27 Capital stock, trust principal, or current funds				
	28 Paid-in or capital surplus, or land, bldg., and equipment fund				
	29 Retained earnings, accumulated income, endowment, or other funds		3,828,684	3,576,655	
	30 Total net assets or fund balances (see instructions)		3,828,684	3,576,655	
	31 Total liabilities and net assets/fund balances (see instructions)		3,860,230	3,616,341	

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	3,828,684
2 Enter amount from Part I, line 27a	2	-252,029
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	3,576,655
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	3,576,655

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	SEE ATTACHMENT	P		
b	SEE ATTACHMENT	P		
c	CAPITAL GAIN DIVIDENDS			
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			13,467
b			4,170
c			5,092
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (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	22,729
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 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.

(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	76,809	910,198	0.084387
2009	39,650	511,303	0.077547
2008	100,745	538,285	0.187159
2007	131,019	651,161	0.201208
2006	161,706	766,572	0.210947

2	Total of line 1, column (d)	2	0.761248
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	0.152250
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	3,742,942
5	Multiply line 4 by line 3	5	569,863
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	800
7	Add lines 5 and 6	7	570,663
8	Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	8	286,466

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 <input type="checkbox"/> 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 <input type="checkbox"/> and enter 1% of Part I, line 27b	1		1,600
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		
3	Add lines 1 and 2	3		1,600
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		1,600
6	Credits/Payments:			
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a		587
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		1,100
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7		1,687
8	Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8		2
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		85
11	Enter the amount of line 10 to be: Credited to 2012 estimated tax 85 Refunded	11		

Part VII-A Statements Regarding Activities

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?		Yes	No
1a				✓
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		✓
<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>				
c	Did the foundation file Form 1120-POL for this year?	1c		✓
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation. ► \$ _____ (2) On foundation managers. ► \$ _____			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ _____			
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>	2		✓
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>	3		✓
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a		✓
b	If "Yes," has it filed a tax return on Form 990-T for this year?	4b		
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>	5		✓
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	✓	
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	7	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ►			
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? <i>If "No," attach explanation</i>	8b	✓	
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)? <i>If "Yes," complete Part XIV</i>	9		✓
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	10		✓

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		✓
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		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	✓	
Website address ▶ N/A				
14	The books are in care of ▶ MS PAULA HANSEN Telephone no. ▶ 202-789-7280			
Located at ▶ 1156 FIFTEENTH STR NW, WASHINGTON, DC ZIP+4 ▶ 20005				
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	▶ <input type="checkbox"/>		
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	Yes	No
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? <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 instructions)? N/A	1b	
Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>			
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? N/A	1c	
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? <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 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. ▶ 20____, 20____, 20____, 20____		
3a	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 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	✓
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	✓

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)? N/A **5b**
- Organizations relying on a current notice regarding disaster assistance check here ☐
- c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No
- If "Yes," attach the statement required by Regulations section 53.4945–5(d).
- 6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** ☒
- If "Yes" to 6b, file Form 8870.
- 7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No
- b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A **7b**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (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 ATTACHED LISTING				

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
NONE		
Total number of others receiving over \$50,000 for professional services		▶

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		

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	2,794,981
b	Average of monthly cash balances	1b	1,004,960
c	Fair market value of all other assets (see instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	3,799,941
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	3,799,941
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	56,999
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,742,942
6	Minimum investment return. Enter 5% of line 5	6	187,147

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	187,147
2a	Tax on investment income for 2011 from Part VI, line 5	2a	1,600
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,600
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	185,547
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	185,547
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	185,547

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	286,466
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	286,466
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	286,466

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				185,547
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only				
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2011:				
a From 2006	124,187			
b From 2007	98,951			
c From 2008	74,143			
d From 2009	14,331			
e From 2010	72,776			
f Total of lines 3a through e	384,388			
4 Qualifying distributions for 2011 from Part XII, line 4: ► \$ <u>286,466</u>				
a Applied to 2010, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)	100,919			
d Applied to 2011 distributable amount				185,547
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	485,307			
b Prior years' undistributed income. Subtract line 4b from line 2b				
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				
d Subtract line 6c from line 6b. Taxable amount—see instructions				
e Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount—see instructions				
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) (see instructions)				
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)	124,187			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	361,120			
10 Analysis of line 9:				
a Excess from 2007	98,951			
b Excess from 2008	74,143			
c Excess from 2009	14,331			
d Excess from 2010	72,776			
e Excess from 2011	100,919			

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

1a 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			(e) Total
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	
2a 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 $\frac{2}{3}$ 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).)

N/A

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:

N/A

b The form in which applications should be submitted and information and materials they should include:

N/A

c Any submission deadlines

N/A

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors.

N/A

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				
NEW FUTURES 1965 BILTMORE STREET NW	NONE	PUBLIC	GENERAL SUPPORT	40,000
WETA 3939 CAMPBELL AVENUE	NONE	PUBLIC	GENERAL SUPPORT	15,000
WASHINGTON HOSPITAL CENTER 110 IRVING STREET NW	NONE	PUBLIC	GENERAL SUPPORT	100,000
J. PAUL GETTY MUSEUM 1200 GETTY CENTER DRIVE	NONE	PUBLIC	GENERAL SUPPORT	50,000
J. PAUL GETTY MUSEUM 1200 GETTY CENTER DRIVE	NONE	PUBLIC	GENERAL SUPPORT	50,000
WASHINGTON PERFORMING ARTS SOCIETY 2000 L STREET NW	NONE	PUBLIC	GENERAL SUPPORT	20,000
VISITORS SERVICE CENTER 1422 MASSACHUSETTS AVE SE	NONE	PUBLIC	GENERAL SUPPORT	10,000
Total			3a	285,000
b Approved for future payment				
N/A				
Total			3b	

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)	✓
	(2) Other assets	1a(2)	✓
b	Other transactions.		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)	✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)	✓
	(3) Rental of facilities, equipment, or other assets	1b(3)	✓
	(4) Reimbursement arrangements	1b(4)	✓
	(5) Loans or loan guarantees	1b(5)	✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)	✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	✓
d	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[illegible]

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

b If "Yes," complete the following schedule.

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

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

**Sign
Here**

Signature of officer or trustee

Date _____

Title

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

**Paid
Preparer
Use Only**

Print/Type preparer's name

ROBERT J WEIDNER

Preparer's signature

Date: _____

Check ☒ if self-employed

PTIN	
------	--

P00028315

Firm's name ► **ROBERT J WEIDNER**

Firm's EIN ▶

Firm's address ► 11 MAIN LIN DRIVE, COATESVILLE, PA 19320-1457

Phone no

610-383-9489

ARCANA FOUNDATION INC

FYE 9/30/12

52-1515952

PART VIII INFORMATION ABOUT OFFICERS, DIRECTORS, TRUSTEES, FOUNDATION MANAGERS
HIGHLY PAID EMPLOYEES, AND CONTRACTORS

(a) Name and address	(b) Title and avg hours per wk	(c) Compensation	(d) Contributions to employee benefit plans and deferred comp	(e) Expense account
Holly Kennedy Passantino 200 60th St , APT 34A, New York, NY 10065	Secretary 1 hour	0	0	0
Ladislau von Hoffmann 2501 Foxhall Rd NW, Washington, DC 20007	Pr, Tr, Dir 6 hours	0	0	0
Beatrix von Hoffmann 2501 Foxhall Rd NW, Washington, DC 20007	Vice Pr, Dir 3 hours	0	0	0
Alexandra von Hoffmann 1300v Graybar Lane, Nashville, TN 37215	Dir 2 hours	0	0	0
Paula Hansen 1700 Mason Hill Drive, Alexandria, VA 22307	Dir 6 hours	0	0	0

ARCANA FOUNDATION
Fiscal Year 10/1/11 to 9/30/12
Capital Gain(Loss) Statement

Name	Acquisition Date	Sales Date	Sales Proceeds	Cost Basis	Gain (Loss)	Short-term S Long-term L
Schering-Plough Corp		12/21/2011	\$ 94 12		\$ 94 12	L
182 shs Ishares Russell 2000 Index Fund	7/28/2009	1/13/2012	\$ 13,882 80	\$ 10,043 18	\$ 3,839 62	L
3653 189 shs JPM Interpid Growth Fd	11/22/2011	4/11/2012	\$ 92,937 14	\$ 80,077 41	\$ 12,609 39	S
					\$ 250.34	L
4511.917 shs JPM Tr 1 Infl anaged Bd	2/6/2012	4/11/2012	\$ 48,367 75	\$ 48,270 35	\$ 97.40	S
961 154 shs JPM Tr 1 Midcap Core	1/13/2012	4/11/2012	\$ 16,868 25	\$ 15,801 37	\$ 1,066.88	S
3282 5 shs JPM Intl Currency Inc Fd	2/6/2012	6/8/2012	\$ 35,385 35	\$ 36,632.70	\$ (1,247 35)	S
9485 655 shs JPM High Yield Fd	12/13/2011	6/8/2012	\$ 73,703 54	\$ 73,546.09	\$ 171.08	S
					\$ (13 63)	L
2566 48 shs Dreyfus/Laurel Fds Tr	1/13/2012	6/8/2012	\$ 35,032 45	\$ 34,262 51	\$ 769 94	
					\$ 13,467 34	Short-term
					\$ 4,170 45	Long-term



ARCANA FOUNDATION INC ACCT. A21504005
For the Period 9/1/12 to 9/30/12

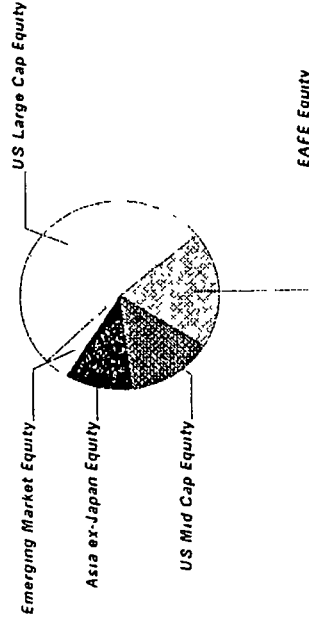
Equity Summary

Asset Categories	Beginning Market Value	Ending Market Value	Change In Value	Current Allocation
US Large Cap Equity	666,607.14	679,610.94	13,003.80	18%
US Mid Cap Equity	192,726.48	196,108.19	3,381.71	5%
EAFE Equity	277,954.94	285,258.09	7,303.15	7%
Asia ex-Japan Equity	129,198.87	135,594.85	6,395.98	4%
Emerging Market Equity	37,340.55	38,841.32	1,500.77	1%
Total Value	\$1,303,827.98	\$1,335,413.39	\$31,585.41	35%

Market Value/Cost	Current Period Value
Market Value	1,335,413.39
Tax Cost	1,161,898.52
Unrealized Gain/Loss	173,514.87
Estimated Annual Income	18,972.98
Accrued Dividends	1,767.32
Yield	1.42%

Equity Detail

Asset Categories



Equity as a percentage of your portfolio - 35 %



ARCANA FOUNDATION INC. ACCT. A21504005
For the Period 9/1/12 to 9/30/12

	Price	Quantity	Value	Adjusted Tax Cost Original Cost	Unrealized Gain/Loss	Est. Annual Inc. Accrued Div.	Yield
US Large Cap Equity							
JPM EQUITY INCOME FD - SEL FUND 3128	10.44	12,817,572	133,815.45	113,604.34	20,211.11	2,691.69 275.19	2.01%
4812C0-49-8 HLIE X							
JPM INTREPID GROWTH FD - SEL FUND 1202	26.97	1,492,152	40,243.34	28,664.23	11,579.11	195.47	0.49%
4812A2-20-7 JPGS X							
JPM US EQUITY FD - SEL FUND 1224	11.45	15,310,484	175,305.04	151,390.63	23,914.41	1,653.53 504.17	0.94%
4812A1-15-9 JUES X							
JPM US LRGE CAP CORE PLUS FD - SEL FUND 1002	23.16	2,908,186	67,353.59	55,447.38	11,906.21	372.24	0.55%
4812A2-38-9 JLPS X							
PARNASSUS INCOME TRUST - EQUITY INCOME FUND	29.78	5,825,660	173,488.15	151,091.19	22,396.96	2,015.67 503.92	1.16%
701769-10-1 PRBL X							
SPDR S&P 500 ETF TRUST 78462F-10-3 SPY	143.97	621,000	89,405.37	77,992.37	11,413.00	1,771.09 484.04	1.98%
Total US Large Cap Equity			\$679,610.94	\$578,190.14	\$101,420.80	\$8,699.69 \$1,767.32	1.28%
US Mid Cap Equity							
JPM MID CAP VALUE FD - SEL FUND 1100	27.57	3,245,658	89,482.79	75,134.67	14,348.12	749.74	0.84%
339183-10-5 JMV5 X							



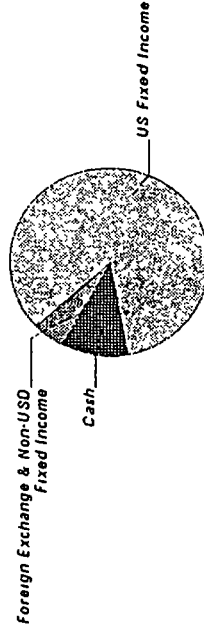


ARCANA FOUNDATION INC ACCT. A21504005
For the Period 9/1/12 to 9/30/12

	Price	Quantity	Value	Adjusted Tax Cost Original Cost	Unrealized Gain/Loss	Est Annual Inc Accrued Div	Yield
US Mid Cap Equity							
JPM TRI MIDCAP CORE - SEL 48121L-75-9 JMRS X	17 78	5,996 929	106,625 40	95,906 04	10,719 36	233 88	0 22 %
Total US Mid Cap Equity			\$196,108.19	\$171,040.71	\$25,067.48	\$983.62	0.50 %
EAFE Equity							
ISHARES MSCI EAFE INDEX FUND 464287-46-5 EFA	53 00	1,136 000	60,208 00	54,372 37	5,835 63	1,951 64	3 24 %
MFS INTL VALUE-I 55273E-82-2 MINI X	27 97	8,046 124	225,050 09	199,606 09	25,444 00	3,331 09	1 48 %
Total EAFE Equity			\$285,258.09	\$253,978.46	\$31,279.63	\$5,282.73	1.85 %
Asia ex-Japan Equity							
ABERDEEN ASIA PACIFIC (EX JAPAN) EQUITY FUND - INSTITUTIONAL SERVICE SHARES 003021-69-8 AAPL X	11 66	11,629 061	135,594 85	120,995 91	14,598 94	2,674 68	1 97 %
Emerging Market Equity							
VANGUARD MSCI EMERGING MARKETS ETF 922042-85-8 VWO	41 72	931 000	38,841 32	37,693 30	1,148 02	1,332 26	3 43 %

Cash & Fixed Income Summary

Asset Categories	Beginning Market Value	Ending Market Value	Change In Value	Current Allocation
Cash	308,963.06	263,132.94	(45,830.12)	7%
US Fixed Income	2,085,176.17	2,089,785.77	4,609.60	55%
Foreign Exchange & Non-USD Fixed Income	114,802.35	116,908.88	2,106.53	3%
Total Value	\$2,508,941.58	\$2,469,827.59	(\$39,113.99)	65%



Market Value/Cost	Current Period Value
Market Value	2,469,827.59
Tax Cost	2,424,908.91
Unrealized Gain/Loss	44,918.68
Estimated Annual Income	68,443.74
Accrued Interest	5,827.06
Yield	2.77%

Cash & Fixed Income as a percentage of your portfolio - 65 %

SUMMARY BY MATURITY

Cash & Fixed Income	Market Value	% of Bond Portfolio
0-6 months ¹	2,469,827.59	100%

¹ The years indicate the number of years until the bond is scheduled to mature based on the statement end date. Some bonds may be called, or paid in full, before their stated maturity.

SUMMARY BY TYPE

Cash & Fixed Income	Market Value	% of Bond Portfolio
Cash	263,132.94	10%
International Bonds	135,074.98	5%
Mutual Funds	2,071,619.67	85%
Total Value	\$2,469,827.59	100%



ARCANA FOUNDATION INC ACCT. A21504005
For the Period 9/1/12 to 9/30/12

Cash & Fixed Income Detail

	Price	Quantity	Value	Adjusted Tax Cost		Unrealized Gain/Loss	Est Annual Income		Yield
				Original Cost			Accrued Interest		
Cash									
JPM US GOVT PREMIER SWEEP FD #1086	1 00	263,132 94	263,132 94	263,132 94					
US Fixed Income									
HARBOR HIGH YIELD BOND FUND - INS 411511-55-3	11 10	15,032 41	166,859 76	161,963 02		4,896 74	9,650 80 2,131 30		5 78 %
JPM STR INC OPP FD FUND 3844 4812A4-35-1	11 74	8,081 60	94,877 95	92,218 58		2,659 37	3,240 72 299 02		3 42 %
DOUBLELINE FDS TR TTL RTN BD I 258620-10-3	11 40	18,315 40	208,795 61	204,094 89		4,700 72	13,022 25 973 12		6 24 %
EATON VANCE FLOATING RATE I 277911-49-1	9 09	20,688 89	188,061 96	183,560 10		4,501 86	8,172 10 806 58		4 35 %
JPM HIGH YIELD FD - SEL FUND 3580 4812C0-80-3	8 08	14,949 25	120,789 97	114,721 67		6,068 30	7,938 05 657 77		6 57 %
JPM SHORT DURATION BOND FD - SEL FUND 3133 4812C1-33-0	11 02	87,262 84	961,636 51	951,008 78		10,627 73	13,525 74 785 37		1 41 %
JPM TR I INFL MANAGED BD - SEL 48121A-56-3	10 84	17,389 83	188,505 77	184,409 90		4,095 87	4,121 38 173 90		2 19 %



ARCANA FOUNDATION INC ACCT. A21504005
For the Period 9/1/12 to 9/30/12

	Price	Quantity	Value	Adjusted Tax Cost		Unrealized Gain/Loss	Est Annual Income		Yield
				Original Cost			Accrued Interest		
US Fixed Income									
VANGUARD FI SECS F INTR TRM CP PT FUND 71 922031-88-5	10.46	15,321.06	160,258.24	155,891.75		4,366.49	6,036.49		3.77%
Total US Fixed Income				\$2,089,785.77	\$2,047,868.69	\$41,917.08	\$65,707.53 \$5,827.06		3.15%
Foreign Exchange & Non-USD Fixed Income									
JPM INTL CURRENCY INCOME FD 4812A3-29-6	11.22	6,837.06	76,711.85	75,925.94		785.91	2,140.00		2.79%
DREYFUS LAUREL EMG MKT DEBT LOC C-1 261980-49-4	14.90	2,697.79	40,197.03	37,981.34		2,215.69	596.21		1.48%
Total Foreign Exchange & Non-USD Fixed Income				\$116,908.88	\$113,907.28	\$3,001.60	\$2,736.21		2.34%

**Application for Extension of Time To File an
Exempt Organization Return**

OMB No 1545-1709

► **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions ARCANA FOUNDATION, INC	Employer identification number (EIN) or <input checked="" type="checkbox"/> 52-1515952
	Number, street, and room or suite no. If a P.O. box, see instructions 1156 FIFTEENTH STREET NW, SUITE 605	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions WASHINGTON, DC	

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► **PAULA HANSEN**

Telephone No. ► **202-789-7270**

FAX No. ►

- If the organization does not have an office or place of business in the United States, check this box ☐

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- 1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 5/15, 20 13, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☐ calendar year 20 or

► ☒ tax year beginning 10/1, 20 11, and ending 9/30, 20 12.

- 2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return
☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	1,687
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	587
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	1,100

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions