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

**2012**

Department of the Treasury  
Internal Revenue Service

*Note.* The foundation may be able to use a copy of this return to satisfy state reporting requirements

**For calendar year 2012, or tax year beginning , 2012, and ending**

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

**A** Employer identification number  
95-4047622

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

**C** If exemption application is pending, check here

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

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

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

**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 type="checkbox"/> Address change	<input type="checkbox"/> Name change

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

**I** Fair market value of all assets at end of year (from Part II, column (c), line 16)  
\$ 56,071,107.

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

<b>Part I Analysis of Revenue and Expenses</b> (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)
<b>1</b>	Contributions, gifts, grants, etc. received (att sch)				
<b>2</b>	Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
<b>3</b>	Interest on savings and temporary cash investments	161,306.	161,306.		
<b>4</b>	Dividends and interest from securities				
<b>5a</b>	Gross rents	561,602.	561,602.		
<b>b</b>	Net rental income or (loss) 227,615.				
<b>6a</b>	Net gain/(loss) from sale of assets not on line 10				
<b>b</b>	Gross sales price for all assets on line 6a				
<b>7</b>	Capital gain net income (from Part IV, line 2)				
<b>8</b>	Net short-term capital gain				
<b>9</b>	Income modifications				
<b>10a</b>	Gross sales less returns and allowances				
<b>b</b>	Less Cost of goods sold				
<b>c</b>	Gross profit/(loss) (att sch)				
<b>11</b>	Other income (attach schedule) SEE STATEMENT 1	3,567,172.	2,312,269.		
<b>12</b>	<b>Total.</b> Add lines 1 through 11	4,290,080.	3,035,177.	0.	
<b>13</b>	Compensation of officers, directors, trustees, etc	208,914.	104,457.		104,457.
<b>14</b>	Other employee salaries and wages	385,331.	192,666.		192,665.
<b>15</b>	Pension plans, employee benefits	15,231.	7,616.		7,615.
<b>16a</b>	Legal fees (attach schedule) SEE ST 2	443,581.	221,791.		221,790.
<b>b</b>	Accounting fees (attach sch) SEE ST 3	104,870.	52,435.		52,435.
<b>c</b>	Other prof fees (attach sch) SEE ST 4	323,715.	156,858.		156,857.
<b>17</b>	Interest				
<b>18</b>	Taxes (attach schedule)(see instrs) SEE STM 5	75,031.	37,516.		37,515.
<b>19</b>	Depreciation (attach sch) and depletion	1,194,964.	454,632.		
<b>20</b>	Occupancy				
<b>21</b>	Travel, conferences, and meetings.	20,861.	10,431.		10,430.
<b>22</b>	Printing and publications				
<b>23</b>	Other expenses (attach schedule) SEE STATEMENT 6	2,023,730.	1,900,799.		122,931.
<b>24</b>	<b>Total operating and administrative expenses.</b> Add lines 13 through 23	4,796,228.	3,139,201.		906,695.
<b>25</b>	Contributions, gifts, grants paid PART XV	1,366,045.			1,366,045.
<b>26</b>	<b>Total expenses and disbursements.</b> Add lines 24 and 25	6,162,273.	3,139,201.	0.	2,272,740.
<b>27</b>	Subtract line 26 from line 12:				
<b>a</b>	<b>Excess of revenue over expenses and disbursements</b>	-1,872,193.			
<b>b</b>	<b>Net investment income</b> (if negative, enter -0-)		0.		
<b>c</b>	<b>Adjusted net income</b> (if negative, enter -0-)			0.	

SCANNED NOV 27 2013 ADMINISTRATIVE EXPENSES

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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		206,775.	336,170.	336,170.
	2	Savings and temporary cash investments		38,232,186.	41,667,415.	41,667,415.
	3	Accounts receivable				
		Less: allowance for doubtful accounts				
	4	Pledges receivable				
		Less: allowance for doubtful accounts				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7	Other notes and loans receivable (attach sch)				
		Less: allowance for doubtful accounts		2,000,000.		
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges		21,097.	21,522.	21,522.
	10a	Investments – U.S. and state government obligations (attach schedule)				
		b Investments – corporate stock (attach schedule)				
		c Investments – corporate bonds (attach schedule)				
	11	Investments – land, buildings, and equipment: basis	5,975,652.			
	Less: accumulated depreciation (attach schedule) SEE STMT 7	588,893.	5,472,646.	5,386,759.	5,225,000.	
12	Investments – mortgage loans					
13	Investments – other (attach schedule)					
14	Land, buildings, and equipment basis	6,145,253.				
	Less: accumulated depreciation (attach schedule) SEE STMT 8	1,200,649.	4,039,550.	4,944,604.	3,200,000.	
15	Other assets (describe SEE STATEMENT 9)		5,621,000.	5,397,674.	5,621,000.	
16	<b>Total assets</b> (to be completed by all filers – see the instructions Also, see page 1, item I)		55,593,254.	57,754,144.	56,071,107.	
LIABILITIES	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe SEE STATEMENT 10)		43,835.	44,785.	
	23	<b>Total liabilities</b> (add lines 17 through 22)		43,835.	44,785.	
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. <input checked="" type="checkbox"/>					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, building, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds		55,549,419.	57,709,359.	
30	<b>Total net assets or fund balances</b> (see instructions)		55,549,419.	57,709,359.		
31	<b>Total liabilities and net assets/fund balances</b> (see instructions)		55,593,254.	57,754,144.		

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	55,549,419.
2	Enter amount from Part I, line 27a	2	-1,872,193.
3	Other increases not included in line 2 (itemize) SEE STATEMENT 11	3	4,032,133.
4	Add lines 1, 2, and 3	4	57,709,359.
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	57,709,359.

**Part IV Capital Gains and Losses for Tax on Investment Income**

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

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

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

2 Capital gain net income or (net capital loss)	[ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 ]	2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)		3	

If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8

**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 (column (b) divided by column (c))
2011	2,093,758.	51,433,551.	0.040708
2010	4,012,068.	52,143,521.	0.076943
2009	2,228,335.	68,590,489.	0.032488
2008	641,087.	76,132,759.	0.008421
2007	1,077,472.	49,915,940.	0.021586

2 Total of line 1, column (d)	2	0.180146
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	0.036029
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	50,301,264.
5 Multiply line 4 by line 3	5	1,812,304.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	
7 Add lines 5 and 6	7	1,812,304.
8 Enter qualifying distributions from Part XII, line 4	8	2,272,740.

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)**

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instrs)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	0.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		2	0.
3 Add lines 1 and 2		3	0.
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	0.
6 Credits/Payments:			
a 2012 estimated tax pmts and 2011 overpayment credited to 2012	6 a		
b Exempt foreign organizations – tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 8868)	6 c		
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments. Add lines 6a through 6d	7		0.
8 Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> 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		0.
10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be Credited to 2013 estimated tax Refunded	11		

**Part VII-A Statements Regarding Activities**

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ▶ \$ 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? <i>If 'Yes,' attach a detailed description of the activities</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XIV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) CA		
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>	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 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

**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)			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)			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address <b>WWW.THERAYCHARLESFOUNDATION.ORG</b>	X		
14	The books are in care of <b>VALERIE ERVIN, PRESIDENT</b> Telephone no. <b>(323) 737-8000</b> Located at <b>2107 W. WASHINGTON BLVD. LOS ANGELES CA</b> ZIP + 4 <b>90018</b>			
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 . . .	N/A		
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country ▶		Yes	No
				X

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

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

		Yes	No
1 a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1 b	N/A
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1 c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <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 <b>not</b> 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.)	2 b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20 __ , 20 __ , 20 __ , 20 __		
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If 'Yes,' did it have excess business holdings in 2012 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 2012)	3 b	N/A
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4 b	X

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

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

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

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

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

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

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

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

Organizations relying on a current notice regarding disaster assistance check here

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

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

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

**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

If 'Yes' to 6b, file Form 8870.

**7 a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?  Yes  No

**b** If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction?  Yes  No

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 12		208,914.	0.	0.

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

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ANA BANGAR 2107 WEST WASHINGTON BLVD. LOS ANGELES, CA 90018	CONTROLLER 40	0.	0.	0.
GWENDOLYNN GREEN 2107 WEST WASHINGTON BLVD. LOS ANGELES, CA 90018	ADMINISTRATOR 40	0.	0.	0.
GAYLE BENJAMIN 2107 WEST WASHINGTON BLVD. LOS ANGELES, CA 90018	ADMINISTRATOR 40	0.	0.	0.
SUZANNE ALPERT 2107 WEST WASHINGTON BLVD. LOS ANGELES, CA 90018	ADMINISTRATOR 40	0.	0.	0.

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

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

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter 'NONE.'		
(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
ROBINS, KAPLAN, MILLER & CERESI, LLP 2049 CENTURY PARK EAST, #3400 LOS ANGELES, CA 90067	LEGAL	319,348.
IVAN HOFFMAN, ATTY AT LAW 10736 JEFFERSONBLVD., #436 CULVER CITY, CA 90230	MANAGEMENT	88,383.
HUTCHINSON & BLOODGOOD, LLP 101 N. BRAND BLVD., #1600 GLENDALE, CA 91203	ACCOUNTING	104,870.
-----		
-----		
-----		
<b>Total</b> number of others receiving over \$50,000 for professional services		0

**Part IX-A** Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 N/A -----	
2 -----	
3 -----	
4 -----	

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

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

BAA

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

<b>1</b> Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes		
<b>a</b> Average monthly fair market value of securities	<b>1 a</b>	4,035,135.
<b>b</b> Average of monthly cash balances	<b>1 b</b>	36,186,138.
<b>c</b> Fair market value of all other assets (see instructions)	<b>1 c</b>	10,846,000.
<b>d Total</b> (add lines 1a, b, and c)	<b>1 d</b>	51,067,273.
<b>e</b> Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1 e</b>	0.
<b>2</b> Acquisition indebtedness applicable to line 1 assets	<b>2</b>	0.
<b>3</b> Subtract line 2 from line 1d	<b>3</b>	51,067,273.
<b>4</b> Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	<b>4</b>	766,009.
<b>5 Net value of noncharitable-use assets.</b> Subtract line 4 from line 3 Enter here and on Part V, line 4	<b>5</b>	50,301,264.
<b>6 Minimum investment return.</b> Enter 5% of line 5	<b>6</b>	2,515,063.

**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.)

<b>1</b> Minimum investment return from Part X, line 6	<b>1</b>	2,515,063.
<b>2 a</b> Tax on investment income for 2012 from Part VI, line 5	<b>2 a</b>	
<b>b</b> Income tax for 2012. (This does not include the tax from Part VI)	<b>2 b</b>	
<b>c</b> Add lines 2a and 2b	<b>2 c</b>	
<b>3</b> Distributable amount before adjustments. Subtract line 2c from line 1	<b>3</b>	2,515,063.
<b>4</b> Recoveries of amounts treated as qualifying distributions	<b>4</b>	
<b>5</b> Add lines 3 and 4	<b>5</b>	2,515,063.
<b>6</b> Deduction from distributable amount (see instructions)	<b>6</b>	
<b>7 Distributable amount</b> as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	<b>7</b>	2,515,063.

**Part XII Qualifying Distributions** (see instructions)

<b>1</b> Amounts paid (including administrative expenses) to accomplish charitable, etc, purposes		
<b>a</b> Expenses, contributions, gifts, etc – total from Part I, column (d), line 26	<b>1 a</b>	2,272,740.
<b>b</b> Program-related investments – total from Part IX-B	<b>1 b</b>	
<b>2</b> Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	<b>2</b>	
<b>3</b> Amounts set aside for specific charitable projects that satisfy the:		
<b>a</b> Suitability test (prior IRS approval required)	<b>3 a</b>	
<b>b</b> Cash distribution test (attach the required schedule)	<b>3 b</b>	
<b>4 Qualifying distributions.</b> Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	2,272,740.
<b>5</b> 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)	<b>5</b>	
<b>6 Adjusted qualifying distributions.</b> Subtract line 5 from line 4	<b>6</b>	2,272,740.

**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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				2,515,063.
2 Undistributed income, if any, as of the end of 2012:				
a Enter amount for 2011 only			1,493,009.	
b Total for prior years 20 <u>04</u> , 20 <u>05</u> , 20 <u>06</u>		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ <u>2,272,740.</u>				
a Applied to 2011, but not more than line 2a			1,493,009.	
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 2012 distributable amount				779,731.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount – see instructions		0.		
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				1,735,332.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

**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 2012, 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) 2012	(b) 2011	(c) 2010	(d) 2009	
<b>2 a</b> Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
<b>b</b> 85% of line 2a					
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed					
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities					
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
<b>3</b> Complete 3a, b, or c for the alternative test relied upon:					
<b>a</b> 'Assets' alternative test – enter					
<b>(1)</b> Value of all assets					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)					
<b>b</b> 'Endowment' alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
<b>c</b> 'Support' alternative test – enter					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
<b>(3)</b> Largest amount of support from an exempt organization					
<b>(4)</b> 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  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 or e-mail of the person to whom applications should be addressed.

SEE STATEMENT 13

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

SEE STATEMENT FOR LINE 2A

**c** Any submission deadlines

SEE STATEMENT FOR LINE 2A

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

SEE STATEMENT FOR LINE 2A

**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
<i>a Paid during the year</i> SEE STATEMENT 14				
<b>Total</b>				▶ <b>3 a</b> 1,366,045.
<i>b Approved for future payment</i>				
<b>Total</b>				▶ <b>3 b</b>





Form **4562**

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

OMB No 1545-0172

**2012**

Department of the Treasury  
Internal Revenue Service (99)

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

Attachment  
Sequence No **179**

Name(s) shown on return

Identifying number

**THE RAY CHARLES FOUNDATION**

**95-4047622**

Business or activity to which this form relates

**FORM 990/990-PF**

**Part I Election To Expense Certain Property Under Section 179**

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

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	13	

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

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

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	37,038.

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

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	1,068,468.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B – Assets Placed in Service During 2012 Tax Year Using the General Depreciation System**

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

**Section C – Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

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

**Part IV Summary (See instructions)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations – see instructions.	22	1,105,506.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

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

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

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

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If 'Yes,' is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							<b>25</b>	
<b>26</b> Property used more than 50% in a qualified business use								
<b>27</b> Property used 50% or less in a qualified business use								
<b>28</b> Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1							<b>28</b>	
<b>29</b> Add amounts in column (i), line 26 Enter here and on line 7, page 1								<b>29</b>

**Section B – Information on Use of Vehicles**

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

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

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

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

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
<b>39</b> Do you treat all use of vehicles by employees as personal use?		
<b>40</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions) <b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2012 tax year (see instructions)					
<b>43</b> Amortization of costs that began before your 2012 tax year					<b>43</b> 1,533,333.
<b>44</b> Total. Add amounts in column (f) See the instructions for where to report					<b>44</b> 1,533,333.

Form **4562**

Department of the Treasury  
Internal Revenue Service (99)

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

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

OMB No 1545-0172

**2012**

Attachment  
Sequence No **179**

Name(s) shown on return

**THE RAY CHARLES FOUNDATION**

Identifying number

**95-4047622**

Business or activity to which this form relates

**RENTAL ACTIVITY - RESIDENTIAL APT BLDG, LOS ANGELES, CA**

**Part I Election To Expense Certain Property Under Section 179**

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

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12	13	

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

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

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	<b>14,810.</b>

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

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	<b>439,822.</b>
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

**Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System**

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

**Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

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

**Part IV Summary (See instructions)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations - see instructions.	22	<b>454,632.</b>
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

## THE RAY CHARLES FOUNDATION

95-4047622

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

	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
ALBUM INCOME	\$ 231,621.	\$ 231,621.	
LEGAL SETTLEMENT	1,254,903.		
MASTER LICENSE REVENUE	538,580.	538,580.	
MISCELLANEOUS INCOME.	9,182.	9,182.	
OIL & GAS LEASE	3,251.	3,251.	
PUBLISHING INCOME	519,458.	519,458.	
ROYALTY RECEIPTS	1,010,177.	1,010,177.	
TOTAL	\$ 3,567,172.	\$ 2,312,269.	0.

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

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL	\$ 443,581.	\$ 221,791.		\$ 221,790.
TOTAL	\$ 443,581.	\$ 221,791.	\$ 0.	\$ 221,790.

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

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	\$ 104,870.	\$ 52,435.		\$ 52,435.
TOTAL	\$ 104,870.	\$ 52,435.	\$ 0.	\$ 52,435.

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

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CONSULTANTS	\$ 279,930.	\$ 134,965.		\$ 134,965.
MANAGEMENT	38,211.	19,106.		19,105.
OTHER	5,574.	2,787.		2,787.
TOTAL	\$ 323,715.	\$ 156,858.	\$ 0.	\$ 156,857.

## THE RAY CHARLES FOUNDATION

95-4047622

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

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OTHER	\$ 355.	\$ 178.		\$ 177.
PAYROLL TAXES	41,806.	20,903.		20,903.
PROPERTY TAX	32,860.	16,430.		16,430.
STATE TAX	10.	5.		5.
<b>TOTAL</b>	<b>\$ 75,031.</b>	<b>\$ 37,516.</b>	<b>\$ 0.</b>	<b>\$ 37,515.</b>

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

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ADVERTISING	\$ 21,328.	\$ 10,664.		\$ 10,664.
AMORTIZATION	1,533,333.	1,533,333.		N/A
COMMISSIONS	69.	35.		34.
COMPUTER EXPENSE	6,333.	3,167.		3,166.
DUES & SUBSCRIPTIONS	694.	347.		347.
GARDENING	4,680.	2,340.		2,340.
INSURANCE	113,628.	56,814.		56,814.
INTERNET	4,268.	2,134.		2,134.
LICENSES AND FEES	2,851.	1,426.		1,425.
MEETINGS	3,004.	1,502.		1,502.
MISCELLANEOUS	12,682.	6,341.		6,341.
OFFICE EXPENSE	5,917.	2,958.		2,959.
OTHER EXPENSES	314.	157.		157.
PEST CONTROL	551.	276.		275.
PLUMBING & ELECTRICAL	573.	286.		287.
POSTAGE & FREIGHT	197.	99.		98.
PROMOTION	6,125.	3,063.		3,062.
RENTAL EXPENSES	244,529.	244,529.		
REPAIRS & MAINTENANCE	18,700.	9,350.		9,350.
SECURITY	4,516.	2,258.		2,258.
SUPPLIES	3,989.	1,995.		1,994.
TELEPHONE	11,562.	5,781.		5,781.
TRASH SERVICE	1,547.	774.		773.
UTILITIES	22,340.	11,170.		11,170.
<b>TOTAL</b>	<b>\$ 2,023,730.</b>	<b>\$ 1,900,799.</b>	<b>\$ 0.</b>	<b>\$ 122,931.</b>

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

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
BUILDINGS	\$ 2,276,600.	\$ 588,893.	\$ 1,687,707.	\$ 1,611,250.
IMPROVEMENTS	85,302.	0.	85,302.	0.

## THE RAY CHARLES FOUNDATION

95-4047622

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

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
LAND	\$ 3,613,750.		\$ 3,613,750.	\$ 3,613,750.
TOTAL	<u>\$ 5,975,652.</u>	<u>\$ 588,893.</u>	<u>\$ 5,386,759.</u>	<u>\$ 5,225,000.</u>

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

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
FURNITURE AND FIXTURES	\$ 147,251.	\$ 11,370.	\$ 135,881.	\$ 0.
MACHINERY AND EQUIPMENT	2,070,224.	1,084,981.	985,243.	2,000,000.
BUILDINGS	2,856,416.	62,218.	2,794,198.	1,200,000.
IMPROVEMENTS	291,362.	42,080.	249,282.	0.
LAND	780,000.		780,000.	0.
TOTAL	<u>\$ 6,145,253.</u>	<u>\$ 1,200,649.</u>	<u>\$ 4,944,604.</u>	<u>\$ 3,200,000.</u>

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

	BOOK VALUE	FAIR MARKET VALUE
NET INTANGIBLE ASSETS	\$ 5,397,674.	\$ 5,621,000.
TOTAL	<u>\$ 5,397,674.</u>	<u>\$ 5,621,000.</u>

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

SECURITY DEPOSITS	\$ 44,665.
EMPLOYEE GARNISHMENTS	120.
TOTAL	<u>\$ 44,785.</u>

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

NET UNREALIZED GAINS OR LOSSES ON INVESTMENTS	\$ 4,032,133.
TOTAL	<u>\$ 4,032,133.</u>

## THE RAY CHARLES FOUNDATION

95-4047622

**STATEMENT 12**  
**FORM 990-PF, PART VIII, LINE 1**  
**LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES**

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED</u>	<u>COMPEN- SATION</u>	<u>CONTRI- BUTION TO EBP &amp; DC</u>	<u>EXPENSE ACCOUNT/ OTHER</u>
VALERIE ERVIN 2107 W. WASHINGTON BLVD. LOS ANGELES, CA 90018	PRESIDENT 40.00	\$ 208,914.	\$ 0.	\$ 0.
JOSEPH ADAMS 4244 MOUNT VERNON LOS ANGELES, CA 90008	CHAIRMAN 1.00		0.	0.
RONAL J. BOYD 425 S. PALOS VERDES STREET SAN PEDRO, CA 90731	SECRETARY 1.00		0.	0.
REV. CECIL L. MURRAY 4821 PARKLEN AVENUE LOS ANGELES, CA 90043	TREASURER 1.00		0.	0.
MAURI REESE 28632 ROADSIDE DRIVE, #245 AGOURA HILLS, CA 91301	DIRECTOR 1.00		0.	0.
RAMSEY JAY JR. 2548 TOLTEC COURT VENTURA, CA 93001	DIRECTOR 1.00		0.	0.
DIANE TREISTER 349 S. LINDEN DRIVE, B BEVERLY HILLS, CA 90212	DIRECTOR 1.00		0.	0.
STEWART IAN ALPERT 605 TASMAN DRIVE, #1417 SUNNYVALE, CA 94089	DIRECTOR 1.00		0.	0.
		TOTAL \$ 208,914.	\$ 0.	\$ 0.

**STATEMENT 13**  
**FORM 990-PF, PART XV, LINE 2A-D**  
**APPLICATION SUBMISSION INFORMATION**

NAME OF GRANT PROGRAM: GRANT DEPARTMENT  
NAME: GRANT DEPARTMENT  
CARE OF: THE RAY CHARLES FOUNDATION  
STREET ADDRESS: 2107 WEST WASHINGTON BOULEVARD  
CITY, STATE, ZIP CODE: LOS ANGELES, CA 90018  
TELEPHONE:  
E-MAIL ADDRESS:  
FORM AND CONTENT:

THE RAY CHARLES FOUNDATION REQUESTS THAT THE APPLICANT PRINT AND FOLLOW THE GRANT CHECK LIST.  
UPON COMPLETING THE INSTRUCTIONS, MAIL THE GRANT APPLICATION PACKAGE (COVER LETTER, COMPLETED AND SIGNED ONLINE GRANT APPLICATION, LETTER OF INQUIRY, PROOF OF IRS FEDERAL TAX-EXEMPT STATUS, ANNUAL REPORT [IF AVAILABLE],

STATEMENT 13 (CONTINUED)  
FORM 990-PF, PART XV, LINE 2A-D  
APPLICATION SUBMISSION INFORMATION

SUBMISSION DEADLINES:  
RESTRICTIONS ON AWARDS:

AND SIGNED GRANT CHECK LIST TO THE FOLLOWING ADDRESS:  
GRANT DEPARTMENT  
THE RAY CHARLES FOUNDATION  
2107 WEST WASHINGTON BOULEVARD  
LOS ANGELES, CA 90018

NO SUBMISSION DEADLINES - APPLICATIONS REVIEWED ALL YEAR  
OBLIGATIONS AND RESPONSIBILITIES OF GRANT RECIPIENTS

1) SINCE AN AWARD IS MADE ONLY FOR THE PURPOSES SET FORTH IN THE GRANTEE'S SUBMITTED PROPOSAL AND THE GRANTEE'S GRANT APPLICATION, ANY MODIFICATIONS TO THE PROJECT, AS ORIGINALLY PROPOSED, MAY BE MADE ONLY WITH PRIOR WRITTEN APPROVAL BY THE RAY CHARLES FOUNDATION.

2) THE GRANTEE MAY NOT GRANT ANY PORTION OF THE AWARD TO A SECONDARY GRANTEE WITHOUT PRIOR WRITTEN PERMISSION OF THE RAY CHARLES FOUNDATION.

3) THE GRANT MUST BE SPENT IN FULL WITHIN THE TIME SET FORTH IN THE GRANT PROPOSAL AND IF NO SUCH TIME IS SET FORTH, THEN WITHIN TWELVE (12) MONTHS FOLLOWING THE GRANT. IN THE EVENT THAT THE GRANT IS EXPRESSLY MADE FOR MULTIPLE YEARS, ANY FUNDS NOT USED IN THE CURRENT YEAR MAY BE APPLIED TO THE PURPOSES OF THE GRANT IN FOLLOWING YEARS BUT ONLY FOR THE YEARS COVERED BY THE GRANT PROPOSAL.

4) THE GRANTEE MUST MAINTAIN COMPLETE RECORDS OF RECEIPTS AND EXPENDITURES SUFFICIENT TO IDENTIFY GRANT FUNDS AND EXPENDITURES MADE IN THE FURTHERANCE OF THE GRANT PROPOSAL. THESE RECORDS SHALL BE AVAILABLE FOR INSPECTION BY THE RAY CHARLES FOUNDATION AND SHALL BE MAINTAINED BY THE GRANTEE FOR AT LEAST FOUR YEARS AFTER THE GRANT FUNDS HAVE BEEN EXPENDED.

5) WITHIN SIX (6) MONTHS OF RECEIVING A GRANT, THE RECIPIENT IS REQUIRED TO REPORT THE FOLLOWING TO THE FOUNDATION UNLESS EXPRESSLY AGREED UPON OTHERWISE IN WRITING:

A. A WRITTEN AND COMPLETE REPORT WITH SUPPORTING DOCUMENTS AND FINANCIALS EVERY 6 MONTHS FOLLOWING THE GRANT DETAILING HOW THE GRANT HAS BEEN USED. ( INCLUDED BUT NOT LIMITED TO PROPER ACCOUNTING OF ALL RECEIPTS, EXPENDITURES, INVOICES AND OTHER DOCUMENTS OR RECORDS RELATED TO THE PURPOSES OF THE 'GRANT' THAT YOU WERE AWARDED) ;

B. REPORTS SHALL BE SUBMITTED TO THE RAY CHARLES FOUNDATION 30 DAYS PRIOR TO THE END OF FIRST 6 MONTHS OF THE GRANT PERIOD AND EVERY SUBSEQUENT 6 MONTHS THEREAFTER AND WITHIN THIRTY (30) DAYS OF WHEN THE GRANT FUNDS HAVE BEEN EXPENDED.

C. ANY AND ALL PROGRESS MADE THROUGH THE USE OF THE FOUNDATION'S FUNDS;

D. SUCCESSES IN DELIVERING PROGRAMS AND ACHIEVING YOUR STATED GOALS; AND

STATEMENT 13 (CONTINUED)  
FORM 990-PF, PART XV, LINE 2A-D  
APPLICATION SUBMISSION INFORMATION

E. FAILURE AND DISAPPOINTMENTS IN THE PROGRAMS.

6) THE RECIPIENT GRANTEE MUST REPAY ANY FUNDS NOT USED FOR GRANT PURPOSES AS DETERMINED BY FINANCIAL DISCLOSURES AND AUDITS. FAILURE OF THE GRANTEE TO COMPLY WITH THE TERMS AND CONDITIONS SET FORTH WILL ENTITLE THE RAY CHARLES FOUNDATION TO REQUEST THE RETURN ON THE GRANT FUNDS WITHIN A SPECIFIED TIME PERIOD. THE RAY CHARLES FOUNDATION RESERVES THE RIGHT TO PURSUE LEGAL ACTION TO ENSURE THAT GRANT FUNDS ARE BEING UTILIZED FOR ITS INTENDED PURPOSE AND MAY REQUEST PAYMENT OF ATTORNEY'S FEES IF NECESSARY.

7) IF THE GRANT IS AWARDED FOR MULTIPLE YEARS, THE EXPECTED FUNDS FOR A PARTICULAR YEAR WILL BE CONSIDERED FOR ROLL OVER INTO THE SUBSEQUENT GRANT YEAR AS LONG AS THE FUNDS ARE USED TO SUPPORT THEIR ORIGINAL PURPOSE. 8) AT THE END OF THE GRANT PERIOD ANY UNEXPENDED GRANT FUNDS SHOULD BE RETURNED WITHIN THIRTY (30) DAYS AFTER COMPLETION OR EXPIRATION OF THE GRANT TO THE RAY CHARLES FOUNDATION. A WRITTEN REQUEST FOR AN EXTENSION OF TIME TO EXPEND FUNDS MAY BE SUBMITTED TO THE RAY CHARLES FOUNDATION TWO MONTHS BEFORE THE CLOSE OF THE GRANT PERIOD.

9) THE GRANTEE AGREES TO FOLLOW GAAP PROCEDURES WITH REGARD TO THE GRANTEE'S ACCOUNTING PROCEDURES.

10) LEGALLY APPROPRIATE STANDARDS FOR DISCLOSURE ARE REQUIRED AND THE GRANTEE SHALL PROVIDE ANY DOCUMENTATION DEEMED NECESSARY AND REASONABLE BY THE FOUNDATION. THE FOREGOING INCLUDES ANY DOCUMENTATION REQUIRED BY THE FOUNDATION TO EXERCISE ITS RESPONSIBILITIES UNDER THE INTERNAL REVENUE CODE AND ANY OTHER STATE OR FEDERAL LAWS.

11) THE FOUNDATION SHALL BE ENTITLED TO EXAMINE AND AUDIT ALL RECORDS OF THE GRANTEE WITH TWENTY (20) DAYS WRITTEN NOTICE TO THE GRANTEE.

12) THE FOUNDATION AND ITS REPRESENTATIVES SHALL BE ENTITLED TO CONDUCT ON-SITE VISITS TO THE GRANTEE WITHOUT PRIOR NOTICE AND SHALL BE ENTITLED TO APPOINT OUTSIDE EVALUATORS IN REGARD TO ALL MATTERS RELATED TO THE GRANT.

13) FULL AND COMPLETE ANNUAL FINANCIAL REPORTS OF THE GRANTEE'S ORGANIZATION SHALL BE SUBMITTED ANNUALLY. THE GRANTEE ALSO SHALL SUPPLY THE FOUNDATION WITH SUCH OTHER INFORMATION AS MAY BE NECESSARY OR DESIRABLE TO PERMIT THE FOUNDATION TO EXERCISE ITS RESPONSIBILITY FOR THE SUPERVISION OF THE GRANT AS REQUIRED BY THE INTERNAL REVENUE CODE.

14) IT IS THE RESPONSIBILITY OF THE GRANTEE TO NOTIFY THE RAY CHARLES FOUNDATION IN WRITING WITHIN 30 DAYS OF ANY MATERIAL CHANGES IN THE GRANTEE'S ORGANIZATIONAL STATUS, MANAGEMENT ORGANIZATIONAL PURPOSE, TAX STATUS, UTILIZATION OF GRANT FUNDS OR ANY OTHER MATERIAL CHANGES.

15) THE RAY CHARLES FOUNDATION MUST BE NOTIFIED

## THE RAY CHARLES FOUNDATION

95-4047622

STATEMENT 13 (CONTINUED)  
FORM 990-PF, PART XV, LINE 2A-D  
APPLICATION SUBMISSION INFORMATION

IMMEDIATELY OF ANY CHANGE IN THE RECIPIENT'S FEDERAL TAX STATUS. IN SUCH AN EVENT, THE RAY CHARLES FOUNDATION MAY REQUEST THE RETURN OF ANY UNEXPENDED FUNDS THAT HAVE BEEN AWARDED.

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

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
SOUTH CENTRAL SCHOLARS FUND 29000 S. WESTERN AVENUE, STE. 401 RANCHO PALOS VERDES, CA 90275	NONE	NOT A FDN	EDUCATIONAL	\$ 25,000.
LAPD COMMUNITY YOUTH WELFARE & EDUCATION 100 W 1ST STREET LOS ANGELES, CA 90012	NONE	NOT A FDN	HEALTH CARE	170,000.
SCHOOL ON WHEELS 83 S. PALM VENTURA, CA 93001	NONE	NOT A FDN	EDUCATION	71,045.
EDUCATING YOUNG MINDS 3325 WILSHIRE BLVD., STE. 400 LOS ANGELES, CA 90010	NONE	NOT A FDN	FOSTERING AN ENRICHED ENVIRONMENT FOR YOUNG CHILDREN TO LEARN AND GROW.	1,000,000.
FRIENDS, THE FOUNDATION OF CAAM 600 STATE PARK DRIVE LOS ANGELES, CA 90037	NONE	NOT A FDN	ART AND CULTURE OF AFRICAN AMERICANS	25,000.
PROVIDENCE SPEECH AND HEARING CENTER 1301 PROVIDENCE AVENUE ORANGE, CA 92868	NONE	NOT A FDN	HELPING THE SPEECH AND HEARING IMPAIRED	25,000.
SIMON WIESENTHAL CENTER, INC 1399 ROXBURY DRIVE LOS ANGELES, CA 90035	NONE	NOT A FDN	SUPPORT HUMAN RIGHTS AND CONFRONT HATE AND TERRORISM WORLDWIDE	25,000.

## THE RAY CHARLES FOUNDATION

95-4047622

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

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
C5 YOUTH FOUNDATION 2500 WINDYRIDGE PKWY ATLANTA, GA 30339	NONE	NOT A FDN	YOUTH DEVELOPMENT	\$ 25,000.
TOTAL				\$ <u>1,366,045.</u>

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

OTHER REVENUE	(A) BUSI- NESS CODE	(B) UNRELATED BUSINESS AMOUNT	(C) EXCLU- SION CODE	(D) EXCLUDED AMOUNT	(E) RELATED OR EXEMPT FUNCTION
ALBUM INCOME			15	\$ 231,621.	
FED/CA TAX REFUNDS			1		
LEGAL SETTLEMENT			1	1,254,903.	
MASTER LICENSE REVENUE			15	538,580.	
MISCELLANEOUS INCOME			1	9,182.	
OIL & GAS LEASE			1	3,251.	
PUBLISHING INCOME			15	519,458.	
ROYALTY RECEIPTS			15	1,010,177.	
SAG PENSION RECEIPTS			14		
TOTAL		\$ <u>0.</u>		\$ <u>3,567,172.</u>	\$ <u>0.</u>

THE RAY CHARLES FOUNDATION

95-4047622

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW.	PRIOR 179/ BONUS/ SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAGE /BASIS REDUCT.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
FORM 990/990-PF																
AMORTIZATION																
1	MASTER RECORDING- DOD VAL	1/01/08		23,000,000							23,000,000	6,133,332	S/L	15		1,533,333
TOTAL AMORTIZATION																
				23,000,000							23,000,000	6,133,332				1,533,333
STUDIO EQUIPMENT																
12	STUDIO EQUIP - DOD VAL	6/10/04		1,500,000							1,500,000	450,000	S/L	HY	5	1,050,000
18	STUDIO EQUIPMENT	2/15/10		32,883							32,883	12,250	S/L	5		6,577
TOTAL STUDIO EQUIPMENT																
				1,532,883							1,532,883	462,250				1,056,577
WASHINGTON BLVD																
7	WASHINGTON BLDG - DOD VAL	6/10/04		425,033							425,033	43,592	S/L	MM	39	.02564
8	WASHINGTON LAND - DOD VAL	6/10/04		780,000							780,000					0
9	WASHINGTON BLVD - F&F	6/10/04		12,665							12,665	6,333	S/L	HY	7	6,332
14	WASHINGTON BLVD - F&F	6/30/09		8,671							8,671	3,097	S/L	HY	7	1,238
16	WASHINGTON BLVD - F&F	3/31/10		58,093							58,093	14,523	S/L	7		8,299
21	PARKING LOT-IMP WASH BL	4/05/11		19,040							19,040	2,040	S/L	7		2,720
22	WASHINGTON BL-IMPROV	7/01/11		245,569							245,569	8,186	S/L	15		16,371
23	WASHINGTON BL-F&F	4/11/11		21,499							21,499	2,303	S/L	7		3,071
TOTAL WASHINGTON BLVD																
				1,570,570							1,570,570	80,074				48,929
TOTAL DEPRECIATION																
				3,103,453							3,103,453	542,324				1,105,506

THE RAY CHARLES FOUNDATION

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW.	PRIOR 179/ BONUS/ SP DEPR.	PRIOR DEC BAL DEPR.	SALVAG /BASIS REDUCT.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
RENTAL ACTIVITY - RESIDENTIAL APT BLDG, LOS ANGELES, CA																
LINDEN 85																
2	LINDEN 85 LAND - DOD VAL	6/10/04		1,153,750							1,153,750					0
3	LINDEN 85 BLDG - DOD VAL	6/10/04		636,600							636,600	92,500	S/L MM	27.5	.03636	23,147
19	NEW ROOF-LINDEN 85	12/01/11		27,390							27,390	152	S/L	15		1,826
TOTAL LINDEN 85																
				1,817,740		0	0	0	0	0	1,817,740	92,652				24,973
LINDEN 91																
4	LINDEN 91 LAND	6/10/04		2,460,000							2,460,000					0
5	LINDEN 91 BLDG - DOD VAL	6/10/04		1,640,000							1,640,000	238,520	S/L MM	27.5	.03636	59,630
6	LINDEN 91 IMPROVEMENTS	6/30/08		41,112							41,112	5,295	S/L MM	27.5	.03636	1,495
20	LINDEN 91 - EXT PAINT ALL	12/31/11		16,800							16,800		S/L	5		3,360
TOTAL LINDEN 91																
				4,157,912		0	0	0	0	0	4,157,912	243,815				64,485
MACHINERY AND EQUIPMENT																
10	EQUIP - DOD VAL	6/10/04		35,000							35,000	10,500	S/L HY	5		24,500
13	SOFTWARE - DOD VAL	6/10/04		7,320							7,320		S/L	3		7,320
15	EQUIPMENT - WASHINGTON BL	6/30/09		18,500							18,500	9,250	S/L HY	5	.20000	5,550
17	OFFICE EQUIPMENT - WASHIN	4/30/10		11,521							11,521	3,840	S/L	5		2,304
TOTAL MACHINERY AND EQUIPME																
				72,341		0	0	0	0	0	72,341	23,590				39,674
STUDIO EQUIPMENT																

THE RAY CHARLES FOUNDATION

95-4047622

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR ALLOW.	PRIOR 179/ BONUS/ SP DEPR	PRIOR DEC. BAL DEPR	SALVAG /BASIS REDUCT.	DEPR BASIS	PRIOR DEPR	METHOD	LIFE	RATE	CURRENT DEPR
11	STUDIO EQUIP - DOD VAL	6/10/04		465,000							465,000	139,500	S/L	HY	5	325,500
	TOTAL STUDIO EQUIPMENT			465,000		0	0	0	0	0	465,000	139,500				325,500
	TOTAL DEPRECIATION			6,512,993		0	0	0	0	0	6,512,993	499,557				454,632
	GRAND TOTAL AMORTIZATION			23,000,000		0	0	0	0	0	23,000,000	6,133,332				1,533,333
	GRAND TOTAL DEPRECIATION			9,616,446		0	0	0	0	0	9,616,446	1,041,881				1,560,138