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

OMB No. 1545-0052

2014

Open to Public Inspection

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▶ Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

For calendar year 2014 or tax year beginning 10/01, 2014, and ending 09/30, 2015

Name of foundation ARCANA FOUNDATION		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 600	Room/suite	B Telephone number (see instructions) 202-789-7270
City or town, state or province, country, and ZIP or foreign postal 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 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) ▶ \$ 3,484,421	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	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				
	4 Dividends and interest from securities	76,711	76,711		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	149,551			
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		149,551		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)	17,900				
12 Total. Add lines 1 through 11	244,162	226,262			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)	2,210			
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)	5,752	5,752		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	3,984			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	911			
	24 Total operating and administrative expenses. Add lines 13 through 23	12,857	5,752		
	25 Contributions, gifts, grants paid	632,000			
26 Total expenses and disbursements. Add lines 24 and 25	644,857	5,752			
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-400,695				
b Net investment income (if negative, enter -0-)		220,510			
c Adjusted net income (if negative, enter -0-)					

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				
	2 Savings and temporary cash investments		265,989	174,808	174,808
	3 Accounts receivable ▶ 1,034				
	Less: allowance for doubtful accounts ▶		2,423	1,034	1,034
	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 ▶				
	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)		1,184,501	1,050,676	1,312,047
	c Investments—corporate bonds (attach schedule)		2,059,448	1,864,047	1,996,532
	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)		3,512,361	3,090,565	3,484,421
	17 Accounts payable and accrued expenses		25,180	4,080	
	18 Grants payable				
	19 Deferred revenue				
Net Assets or Fund Balances	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)				
	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.				
Net Assets or Fund Balances	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		3,487,181	3,086,485	
	30 Total net assets or fund balances (see instructions)		3,487,181	3,086,485	
	31 Total liabilities and net assets/fund balances (see instructions)		3,512,361	3,090,565	

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	3,487,181
2 Enter amount from Part I, line 27a	2	-400,695
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	3,086,486
5 Decreases not included in line 2 (itemize) ▶ ROUNDING	5	-1
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,086,485

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 LONG-TERM CAPITAL GAIN DIVIDENDS				
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 831,859		715,171	116,688
b			32,863
c			
d			
e			

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			

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	149,551
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.

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2013	201,360	3,940,535	0.051010
2012	171,743	3,816,904	0.044995
2011	286,466	3,742,942	0.076535
2010	76,809	910,198	0.084387
2009	39,650	511,303	0.077547

2 Total of line 1, column (d)	2	.334474
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	.066895
4 Enter the net value of noncharitable-use assets for 2014 from Part X, line 5	4	3,644,018
5 Multiply line 4 by line 3	5	243,767
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,205
7 Add lines 5 and 6	7	245,972
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	632,911

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	2,205	
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	2,205	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4		
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	2,205	
6	Credits/Payments:			
a	2014 estimated tax payments and 2013 overpayment credited to 2014	6a	2,000	
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	2,000	
8	Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	3	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	208	
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 2015 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a	✓
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the 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>	1b	✓
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) ▶ DISTRICT OF COLUMBIA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If "No," attach explanation</i>	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 2014 or the taxable year beginning in 2014 (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? Website address ► <u>N/A</u>	13	✓	
14	The books are in care of ► <u>MS. PAULA HANSEN</u> Telephone no. ► <u>202-789-7270</u> Located at ► <u>1156 15TH STREET, SUITE 605, WASHINGTON, DC</u> ZIP+4 ► <u>20005</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here. and enter the amount of tax-exempt interest received or accrued during the year ► 15			
16	At any time during calendar year 2014, 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 FinCEN Form 114, (formerly TD F 90-22.1). If "Yes," enter the name of the foreign country ►	16		✓

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)?	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 2014?	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 2014, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2014? <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.)	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 2014 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 2014.)	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 2014?	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 4945(d)(4)(A)? (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 ☐ **5b**
- 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).
- 6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No
- If "Yes" to 6b, file Form 8870. **6b**
- 7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No
- b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ Yes ☒ No **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
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	
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	
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	3,468,017
b	Average of monthly cash balances	1b	231,494
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	3,699,511
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	3,699,511
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	55,493
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,644,018
6	Minimum investment return. Enter 5% of line 5	6	182,201

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	182,201
2a	Tax on investment income for 2014 from Part VI, line 5	2a	2,205
b	Income tax for 2014. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,205
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	179,996
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	179,996
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	179,996

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	632,911
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	632,911
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	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	632,911

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 2013	(c) 2013	(d) 2014
1 Distributable amount for 2014 from Part XI, line 7				179,996
2 Undistributed income, if any, as of the end of 2014:				
a Enter amount for 2013 only			0	
b Total for prior years: 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2014:				
a From 2009	14,331			
b From 2010	72,776			
c From 2011	100,919			
d From 2012	0			
e From 2013	8,009			
f Total of lines 3a through e	196,035			
4 Qualifying distributions for 2014 from Part XII, line 4: ► \$ <u>632,911</u>				
a Applied to 2013, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions)		0		
c Treated as distributions out of corpus (Election required—see instructions)	0			
d Applied to 2014 distributable amount				179,996
e Remaining amount distributed out of corpus	452,915			
5 Excess distributions carryover applied to 2014 (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	648,950			
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 2013. Subtract line 4a from line 2a. Taxable amount—see instructions			0	
f Undistributed income for 2014. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2015				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required—see instructions)	0			
8 Excess distributions carryover from 2009 not applied on line 5 or line 7 (see instructions)	14,331			
9 Excess distributions carryover to 2015. Subtract lines 7 and 8 from line 6a	634,619			
10 Analysis of line 9:				
a Excess from 2010	72,776			
b Excess from 2011	100,919			
c Excess from 2012	0			
d Excess from 2013	8,009			
e Excess from 2014	452,915			

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 2014, 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) 2014	(b) 2013	(c) 2012	(d) 2011	
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).)

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.

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 address of the person to whom applications should be addressed:

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
SEE ATTACHED SCHEDULE				
Total			3a	632,000
b Approved for future payment				
Total			3b	

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.

		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions.)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments					
4	Dividends and interest from securities			14	76,711	
5	Net rental income or (loss) from real estate:					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory			14	149,551	
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue: a					
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)				226,262	0
13	Total. Add line 12, columns (b), (d), and (e)				226,262	0

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

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

[illegible]

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?

(1) Cash	
(2) Other assets	

(6) Performance of services or membership or fundraising solicitations

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

**Sign
Here**

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

Ben Weedy
Signature of officer or trustee

2/16/16 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

RMG

Date _____

21216

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

Phone no. **610-383-9489**

ARCANA FOUNDATION

9/30/2015

52-1515952

Part I, Line 11- Other Income

Over accrual of fees	\$ 17,900
----------------------	-----------

Part I, Line 16a legal fees

General legal fees	\$ 2,210
--------------------	----------

Part I, Line 16c - Other professional fees

investment management fees	\$ 5,752
----------------------------	----------

Part I, Line 18 Taxes

Excise taxes	\$ 3,984
--------------	----------

Part I, Line 23 - Other expenses

CT Corporation fees

Office expenses

General insurance

911

\$ 911

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ARCANA FOUNDATION

9/30/2015

52-1515952

capital gains and losses

	Description	Proceeds	Cost	Gain/Loss	
10/10/2014	325 shs Vanguard FTSE Europe ETF	16,886	14,959	1,927	Long
10/10/2014	235 shs Vanguard FTSE Europe ETF	12,209	10,817	1,392	Long
10/13/2014	269 shs Vanguard FTSEEurope ETF	14,042	12,382	1,660	Long
12/29/2014	3424.862 shs MFS Intl Value	119,802	86,602	33,200	Long
1/5/2015	8926.76 shs Eaton Vance Floating Rate	79,448	78,183	1,265	Long
2/6/2015	426.911 shs JPM Mid Cap EQ Fd	19,292	13,464	5,828	Long
2/6/2015	8254.256 shs Capital Private Client	94,676	94,913	(237)	Long
2/6/2015	539 shs Ishares MSCI EAFE index	33,718	33,986	(268)	Long
3/2/2015	444.058 shs JPM Mid Cap Value	17,043	10,556	6,487	Long
3/2/2015	987.775 shs JPM Gbl Res Enh index	18,876	18,353	523	Short
3/2/2015	5466.163 shs Jpm Eq Inc Fd	79,259	48,838	30,421	Long
3/2/2015	5450.646 shs JPM High yield Fd	35,190	35,095	95	Long
3/2/2015	12952.403 shs JPM Short Duration Bd Fd	140,922	142,476	(1,554)	Long
3/2/2015	1788.207 shs JPM Inflation MGD Bd Fd	18,472	19,090	(618)	Long
3/2/2015	2934.947 shs Capital Private Client	35,190	32,871	2,319	Long
3/31/2015	285 shs Ishares MSCI EAFE index Fd	18,306	17,970	336	Long
3/31/2015	253 shs Ishares MSCI EAFE Index Fd	16,246	15,952	294	Long
8/7/2015	1492.152 shs JPM Intrepid Grwth Fd	62,282	28,664	33,618	Long
		831,859	715,171	116,688	
	Cap gain Div			3,921	
				8,092	
				218	
				3,361	
				6,203	
				271	
				3,218	
				2,261	
				545	
				2,225	
				2,548	
				32,863	
				149,551	
				523	Short term
				149,028	Long term
				149,551	

ARCANA FOUNDATION

F/E 9/30/15

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
Beatrix von Hoffmann 2501 Foxhall Road, NW,Washington,DC 20007	Pres., Dir 4 hours	0	0	0
Paula Hansen 1404 Trinity Drive, Alexandria,VA 22314	VP,TR,Dir 6 hours	0	0	0
Holly Kennedy Passantino 22 Honey Hollow Road, Pound Ridge,NY 10575	Sec 1 hour	0	0	0
Alexandravon Hoffmann 1300 Graybar Lane,Nashville,KY 37215	Dir 2 hours	0	0	0



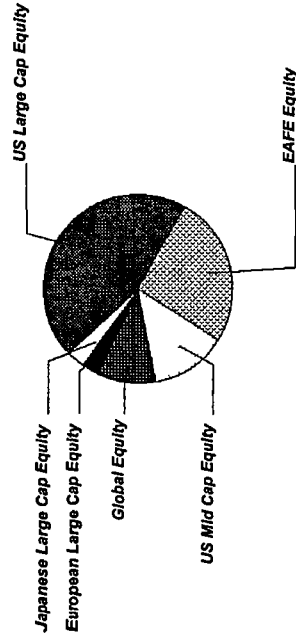
ARCANA FOUNDATION INC ACCT. A21504005
For the Period 10/1/14 to 9/30/15

Equity Summary

Asset Categories	Beginning Market Value	Ending Market Value	Change In Value	Current Allocation
US Large Cap Equity	671,454.25	600,777.85	(70,676.40)	18%
US Mid Cap Equity	214,559.01	171,192.72	(43,366.29)	5%
EAFE Equity	651,461.12	342,630.35	(308,830.77)	10%
European Large Cap Equity	45,777.38	30,442.42	(15,334.96)	1%
Japanese Large Cap Equity	0.00	39,265.95	39,265.95	1%
Global Equity	42,695.24	127,737.38	85,042.14	4%
Total Value	\$1,625,947.00	\$1,312,046.67	(\$313,900.33)	39%

Market Value/Cost	Current Period Value
Market Value	1,312,046.67
Tax Cost	1,050,676.33
Unrealized Gain/Loss	261,370.34
Estimated Annual Income	24,898.04
Accrued Dividends	1,033.20
Yield	1.89%

Asset Categories



Equity as a percentage of your portfolio - 39 %



ARCANA FOUNDATION INC ACCT. A21504005
For the Period 10/1/14 to 9/30/15

Equity Detail

	Price	Quantity	Value	Adjusted Tax Cost Original Cost	Unrealized Gain/Loss	Est. Annual Inc. Accrued Div.	Yield
US Large Cap Equity							
JPM EQ INC FD - SEL FUND 3128 4812C0-49-8 HLIE X	13.05	7,351,409	95,935.89	64,765.91	31,169.98	2,146.61	2.24 %
JPM US LARGE CAP CORE PLUS FD - SEL FUND 1002 4812A2-38-9 JLPS X	27.41	4,231,280	115,979.38	94,359.58	21,619.80	812.40	0.70 %
PARNASSUS EQTY INCOME FD-INS 701769-40-8 PRIL X	38.38	5,812,992	223,102.63	151,091.19	72,011.44	3,406.41	1.53 %
SPDR S&P 500 ETF TRUST 78462F-10-3 SPY	191.63	865,000	165,759.95	124,828.80	40,931.15	3,571.58 893.92	2.15 %
Total US Large Cap Equity			\$600,777.85	\$435,045.48	\$165,732.37	\$9,937.00 \$893.92	1.65 %
US Mid Cap Equity							
JPM MID CAP VALUE FD - INSTL FUND 758 339128-10-0 FLMV X	35.01	2,767,387	96,886.22	64,579.16	32,307.06	1,109.72	1.15 %
JPM MID CAP EQ FD - SEL FUND 689 4812A1-26-6 VSNG X	43.35	1,714,106	74,306.50	53,701.56	20,604.94	176.55	0.24 %
Total US Mid Cap Equity			\$171,192.72	\$118,280.72	\$52,912.00	\$1,286.27	0.76 %



ARCANA FOUNDATION INC ACCT. A21504005
For the Period 10/1/14 to 9/30/15

	Price	Quantity	Value	Adjusted Tax Cost Original Cost	Unrealized Gain/Loss	Est. Annual Inc. Accrued Div.	Yield
EAFE Equity							
CAPITAL PRIVATE CLIENT SVCS CAP NON US EQT 14042Y-60-1 CNUS X	10.87	7,004,680	76,140.87	77,992.50	(1,851.63)	973.65	1.28 %
DEUTSCHE XTRAC MSCI EAFE HEDGE FD 233051-20-0 DBEF	26.08	1,153,000	30,070.24	34,634.87	(4,564.63)	2,053.49	6.83 %
ISHARES MSCI EAFE INDEX FUND 464287-46-5 EFA	57.32	1,306,000	74,859.92	65,091.42	9,768.50	2,214.97	2.96 %
MFS INTL VALUE-I 55273E-82-2 MINI X	34.96	4,621,262	161,559.32	113,003.77	48,555.55	3,553.75	2.20 %
Total EAFE Equity			\$342,630.35	\$290,722.56	\$51,907.79	\$8,795.86	2.57 %
European Large Cap Equity							
VANGUARD FTSE EUROPE ETF 922042-87-4 VGK	49.18	619,000	30,442.42	34,297.85	(3,855.43)	1,059.10 139.28	3.48 %
Japanese Large Cap Equity							
BROWN ADV JAPAN ALPHA OPP-IS 115233-57-9 BAFJ X	11.10	3,537,473	39,265.95	38,912.20	353.75	1,800.57	4.59 %



ARCANA FOUNDATION INC ACCT. A21504005
For the Period 10/1/14 to 9/30/15

	Price	Quantity	Value	Adjusted Tax Cost <u>Original Cost</u>	Unrealized Gain/Loss	Est. Annual Inc. <u>Accrued Div.</u>	Yield
Global Equity							
JPM GLBL RES ENH INDEX FD - SEL FUND 3457 46637K-51-3 JEIT X	17.27	7,396.490	127,737.38	133,417.52	(5,680.14)	2,019.24	1.58 %

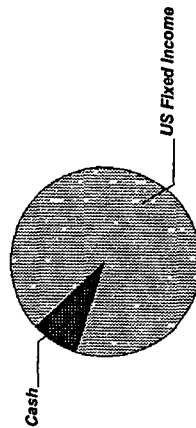


ARCANA FOUNDATION INC ACCT. A21504005
For the Period 10/1/14 to 9/30/15

Cash & Fixed Income Summary

Asset Categories	Beginning Market Value	Ending Market Value	Change In Value	Current Allocation
Cash	265,989.23	168,653.18	(97,336.05)	5%
US Fixed Income	2,061,761.86	1,827,878.71	(233,883.15)	56%
Total Value	\$2,327,751.09	\$1,996,531.89	(\$331,219.20)	61%

Market Value/Cost	Current Period Value
Market Value	1,996,531.89
Tax Cost	2,032,700.10
Unrealized Gain/Loss	(36,168.21)
Estimated Annual Income	44,180.26
Accrued Interest	1.12
Yield	2.21%



SUMMARY BY MATURITY

Cash & Fixed Income	Market Value	% of Bond Portfolio
0-6 months ¹	1,996,531.89	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	168,653.18	8%
Mutual Funds	1,827,878.71	92%
Total Value	\$1,996,531.89	100%

Cash & Fixed Income as a percentage of your portfolio - 61 %



ARCANA FOUNDATION INC ACCT. A21504005
For the Period 10/1/14 to 9/30/15

Cash & Fixed Income Detail

	Price	Quantity	Value	Adjusted Tax Cost Original Cost	Unrealized Gain/Loss	Est. Annual Income Accrued Interest	Yield
Cash							
JPM US GOVT INSTL SWEEP FD #3915	1.00	168,653.18	168,653.18	168,653.18		1.68	1.12
US Fixed Income							
HARBOR HIGH YIELD BOND-INST 411511-55-3	9.72	22,790.59	221,524.52	241,406.75	(19,882.23)	12,261.33	5.53 %
JPM STRAT INC OPP FD - SEL FUND 3844 4812A4-35-1	11.34	13,521.39	153,332.54	157,034.62	(3,702.08)	4,245.71	2.77 %
JPM CORE BD FD - SEL FUND 3720 4812C0-38-1	11.74	19,791.16	232,348.22	229,784.07	2,564.15	5,383.19	2.32 %
JPM HIGH YIELD FD - SEL FUND 3580 4812C0-80-3	7.10	10,408.61	73,901.12	79,625.86	(5,724.73)	4,329.98	5.86 %
JPM SHORT DURATION BD FD - SEL FUND 3133 4812C1-33-0	10.89	74,310.44	809,240.67	808,532.36	708.32	7,579.66	0.94 %
JPM INFLATION MGD BD FD - SEL FUND 2037 48121A-56-3	10.11	13,566.88	137,161.12	143,568.39	(6,407.27)	1,953.63	1.42 %



ARCANA FOUNDATION INC ACCT. A21504005
For the Period 10/1/14 to 9/30/15

		Price	Quantity	Value	Adjusted Tax Cost		Unrealized Gain/Loss	Est. Annual Income		Yield		
						Original Cost		Accrued Interest				
US Fixed Income												
DOUBLELINE TOTAL RET BD-I 258620-10-3		10.94	18,315.40	200,370.52		204,094.89	(3,724.37)		8,425.08	4.20 %		
Total US Fixed Income				\$1,827,878.71		\$1,864,046.92	(\$36,168.21)		\$44,178.58	2.42 %		

ARCANA FOUNDATION
GRANTS MADE AND APPROVED
Fiscal Year Ending September 30th, 2015

New Futures 805 Fifteenth Street, Suite 100 Washington, DC 20005	12/3/2014	Trade School & Career Training and Education <i>(final payment of 3 year grant)</i>	\$ 30,000
Our House 19715 Zion Road Brookeville, MD 20833-1505	3/3/2015 7/21/2015	Matching Grant restricted to the raising funds for the construction of new dormitory	\$ 412,000 \$ 70,000
The Walters Gallery 600 N Charles Street Baltimore, MD 21201	2/2/2015	Sense of Beauty - 5 Senses of Medieval Art - October of 2016	\$ 120,000
TOTAL GRANTS MADE IN THE FISCAL YEAR ENDING 9/30/2015			<u>\$ 632,000</u>