Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

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

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990-PF and its instructions is at *www.irs.gov/form990pf*.

OMB No 1545-0052

2016

Open to Public Inspection

For calendar year 2016, or tax year beginning 01-01-2016 , and ending 12-31-2016

Name of foundation
THE ARTHUR L AND LILY D WALTERS
FOUNDATION

A Employer identification number
80-0111331

Number and street (or P O box number if mail is not delivered to street address) Room/suite
4141 N HENDERSON ROAD STE8

B Telephone number (see instructions)
(703) 527-5200

City or town, state or province, country, and ZIP or foreign postal code
ARLINGTON, VA 222032485

C If exemption application is pending, check here ▶ ☐

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

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

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

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

I Fair market value of all assets at end of year *(from Part II, col (c), line 16)*▶$ 2,163,319

J Accounting method ☑ Cash ☐ Accrual ☐ Other (specify) ____
(Part I, column (d) must be on cash basis)

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

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (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 ▶ ☑ if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	43	43	43	
	4	Dividends and interest from securities	46,200	46,200	46,200	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10				
	b	Gross sales price for all assets on line 6a				
	7	Capital gain net income (from Part IV, line 2)				
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)	21,949		21,949	
	12	**Total.** Add lines 1 through 11	68,192	46,243	68,192	
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)	345			
	b	Accounting fees (attach schedule)				
	c	Other professional fees (attach schedule)				
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	778	778		
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	134			
	24	**Total operating and administrative expenses.** Add lines 13 through 23	1,257	778		0
	25	Contributions, gifts, grants paid	87,886			87,886
	26	**Total expenses and disbursements.** Add lines 24 and 25	89,143	778		87,886
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	-20,951			
	b	**Net investment income** (if negative, enter -0-)		45,465		
	c	**Adjusted net income**(if negative, enter -0-)			68,192	

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	100,262	33,068	33,068
	2	Savings and temporary cash investments	469,050	515,293	515,293
	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 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)	1,291,617	1,614,958	1,614,958
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment basis ▶ 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)	1,860,929	2,163,319	2,163,319
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	**Total liabilities**(add lines 17 through 22)		0	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☑ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg , and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	1,860,929	2,163,319	
	30	**Total net assets or fund balances** (see instructions)	1,860,929	2,163,319	
	31	**Total liabilities and net assets/fund balances** (see instructions)	1,860,929	2,163,319	

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	1,860,929
2	Enter amount from Part I, line 27a	2	-20,951
3	Other increases not included in line 2 (itemize) ▶	3	323,341
4	Add lines 1, 2, and 3	4	2,163,319
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	2,163,319

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			

	(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

	(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	
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 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))
2015	118,670	2,004,405	0 059205
2014	34,125	477,815	0 071419
2013			
2012			
2011			

2 **Total** of line 1, column (d)	2	0 130624
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 065312
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	1,932,308
5 Multiply line 4 by line 3	5	126,203
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	455
7 Add lines 5 and 6	7	126,658
8 Enter qualifying distributions from Part XII, line 4	8	87,886

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1 Date of ruling or determination letter ________ (attach copy of letter if necessary–see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b	1	909
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	909
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	909
6	Credits/Payments		
a	2016 estimated tax payments and 2015 overpayment credited to 2016 — 6a		
b	Exempt foreign organizations—tax withheld at source — 6b		
c	Tax paid with application for extension of time to file (Form 8868) — 6c		
d	Backup withholding erroneously withheld — 6d		
7	Total credits and payments Add lines 6a through 6d	7	
8	Enter any **penalty** for underpayment of estimated tax Check here ☑ if Form 2220 is attached	8	23
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	932
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 2017 estimated tax** ▶ **Refunded** ▶	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		No
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see Instructions for definition)?	1b		No
	*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*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		No
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? *If "Yes," attach a detailed description of the activities*	2		No
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		No
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		No
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? *If "Yes," attach the statement required by General Instruction T*	5		No
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	Yes	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶VA			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? *If "No," attach explanation*	8b	Yes	
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 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		No
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		No

Part VII-A Statements Regarding Activities (continued)

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		No
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		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	

Website address ▶NONE

14 The books are in care of ▶ARTHUR L WALTERS Telephone no ▶(703) 527-5200

Located at ▶4141 N HENDERSON RD STE 8 ARLINGTON VA ZIP+4 ▶22203

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

			Yes	No
16	At any time during calendar year 2016, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		No
	See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) If "Yes", enter the name of the foreign country ▶			

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

	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			Yes	No
1a	During the year did the foundation (either directly or indirectly)				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☑ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☑ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☑ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☑ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☑ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	☐ Yes ☑ 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 ▶	☐			
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 2016?		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 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016?	☐ Yes ☑ 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?	☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 2016 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 2016)*		3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		No
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 2016?		4b		No

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)? **5b**

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

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

If "Yes," attach the statement required by Regulations section 53 4945–5(d)

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** No

If "Yes" to 6b, file Form 8870

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

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **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	Title, and average hours per week (b) 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 Additional Data Table				

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	Title, and average hours per week (b) 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 ▶

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

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

(a) Name and address of each person paid more than $50,000	**(b)** Type of service	**(c)** Compensation
NONE		

Total number of others receiving over $50,000 for professional services. . . . . ▶

Part IX-A Summary of Direct Charitable Activities

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

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

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

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	1,358,310
b	Average of monthly cash balances.	1b	603,424
c	Fair market value of all other assets (see instructions).	1c	0
d	**Total** (add lines 1a, b, and c).	1d	1,961,734
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	1,961,734
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	29,426
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,932,308
6	**Minimum investment return.** Enter 5% of line 5.	6	96,615

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	96,615
2a	Tax on investment income for 2016 from Part VI, line 5.	2a	909		
b	Income tax for 2016 (This does not include the tax from Part VI).	2b			
c	Add lines 2a and 2b.			2c	909
3	Distributable amount before adjustments Subtract line 2c from line 1.			3	95,706
4	Recoveries of amounts treated as qualifying distributions.			4	
5	Add lines 3 and 4.			5	95,706
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	95,706

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	87,886
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	87,886
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	87,886

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 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				95,706
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only.				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2016				
a From 2011.				
b From 2012.				
c From 2013.				
d From 2014. 10,234				
e From 2015. 19,213				
f **Total** of lines 3a through e.	29,447			
4 Qualifying distributions for 2016 from Part XII, line 4 ▶ $ 87,886				
a Applied to 2015, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2016 distributable amount.				87,886
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2016 *(If an amount appears in column (d), the same amount must be shown in column (a))*	7,820			7,820
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	21,627			
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount —see instructions				
e Undistributed income for 2015 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2016 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2017				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)				
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions) . . .				
9 **Excess distributions carryover to 2017.** Subtract lines 7 and 8 from line 6a	21,627			
10 Analysis of line 9				
a Excess from 2012. . . .				
b Excess from 2013. . . .				
c Excess from 2014. . . . 2,414				
d Excess from 2015. . . . 19,213				
e Excess from 2016. . . .				

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 2016, enter the date of the ruling. . . . . . . ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2016	**(b)** 2015	**(c)** 2014	**(d)** 2013	
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 2/3 of minimum investment return shown in Part X, line 6 for each year listed.					
c "Support" alternative test—enter **(1)** Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV **Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see instructions.)**

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000) (See section 507(d)(2))

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 email 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 Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year* See Additional Data Table				
Total . . . . ▶ **3a**				87,886
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (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					43
4 Dividends and interest from securities. . . .					46,200
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					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a REIMBURSED EXPENSES					21,949
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e). .					68,192

13 **Total.** Add line 12, columns (b), (d), and (e). 13 68,192

(See worksheet in line 13 instructions to verify calculations)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions)

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

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?		Yes	No
a Transfers from the reporting foundation to a noncharitable exempt organization of			
(1) Cash.	1a(1)		No
(2) Other assets.	1a(2)		No
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization.	1b(1)		No
(2) Purchases of assets from a noncharitable exempt organization.	1b(2)		No
(3) Rental of facilities, equipment, or other assets.	1b(3)		No
(4) Reimbursement arrangements.	1b(4)		No
(5) Loans or loan guarantees.	1b(5)		No
(6) Performance of services or membership or fundraising solicitations.	1b(6)		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	1c		No

d If the answer to any of the above is "Yes," complete the following schedule Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received

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

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

******	2017-02-21	******	May the IRS discuss this return with the preparer shown below (see instr)? ☐ Yes ☐ No
Signature of officer or trustee	Date	Title	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ▶ ☐	PTIN
ANTHONY M AIKEN CPA		2017-03-10		P00424977
Firm's name ▶ AIKEN & COMPANY PC CPAS				Firm's EIN ▶54-1645965
Firm's address ▶ 3975 UNIVERSITY DR STE 200 FAIRFAX, VA 220302520				Phone no (703) 591-1040

Form 990PF Part VIII Line 1 - List all officers, directors, trustees, foundation managers and their compensation

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ARTHUR L WALTERS 4141 N HENDERSON RD SUITE 8 ARLINGTON, VA 22203	PRESIDENT 2 00	0	0	0
MARK W WALTERS 1005 N GLEBE ROAD SUITE 100 ARLINGTON, VA 22201	DIRECTOR 2 00	0	0	0
ARTHUR L WALTERS III 13985 75TH AVE N SEMINOLE, FL 33726	DIRECTOR 2 00	0	0	0
SHERRY K MATRICARDI REGENCY TOWERS UNIT 702 950 HIGHWAY 98 EAST DESTIN, FL 32541	DIRECTOR 2 00	0	0	0
THOMAS E GOODFELLOW 4141 N HENDERSON RD STE 8 ARLINGTON, VA 22003	TREASURER 2 00	0	0	0

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
AIR FORCE ASSOCIATION 1501 LEE HIGHWAY ARLINGTON, VA 22209	NONE	501(C)(3)	PROMOTE STRONG NATIONAL DEFENSE	500
AMERICAN FED OF POLICE & CONCERNED 6350 HORIZON DR TITUSVILLE, FL 32780	NONE	501(C)(3)	SUPPORT OF LAW ENFORCEMENT PROFESSIO	1,900
CANINES WITH A CAUSE PO BOX 680426 PARK CITY, UT 84068	NONE	501(C)(3)	SERVICE DOGS FOR PTSD VETERANS	1,500
CATHOLIC CHARITIES 2050 BALLENGER AVE 400 ALEXANDRIA, VA 22314	NONE	501(C)(3)	COMM SVC , ADVOCATE JUSTICE	3,000
CENTER FOR URBAN RENEWAL & EDUCATIO 1317 F ST NW 900 WASHINGTON, DC 20004	NONE	501(C)(3)	FIGHT POVERTY AND RESTORE DIGNITY	200
CENTRAL UNION MISSION 65 MASSACHUSETTS AVE NW WASHINGTON, DC 20001	NONE	501(C)(3)	EMERGENCY FOOD AND SHELTER	200
CHRISTIAN ACTION NETWORK PO BOX 606 FOREST, VA 24551	NONE	501(C)(3)	SUPPORT FOR CHRISTIAN CAUSES	1,100
CHRISTIANS REVIVING AMERICAS VALUES 4677 BELVEDERE CIRCLE PACE, FL 32571	NONE	501(C)(3)	RESTORATION OF GODLY PRINCIPLES	200
CIRCLE OF FRIENDS FOR AMERICAN VETS 210 E BROAD ST FALLS CHURCH, VA 22046	NONE	501(C)(3)	VETERAN SUPPORT	2,000
COMMEMORATIVE AIR FORCE PO BOX 764769 DALLAS, TX 75376	NONE	501(C)(3)	PRESERVE COMBAT AIRCRAFT HISTORY	7,050
COMPANIONS FOR HEROES PO BOX 961 LAKE HOPATCONG, NJ 07849	NONE	501(C)(3)	RESCUE ANIMALS FOR PTSD VETERANS	1,800
DOCTORS WITHOUT BORDERS 333 7TH AVE NEW YORK, NY 10001	NONE	501(C)(3)	MEDICAL CARE AND ASSISTANCE	1,000
EASTER SEALS 141 W JACKSON BLVD 1400A CHICAGO, IL 60604	NONE	501(C)(3)	ASSISTANCE FOR DISABLED INDIVIDUALS	500
FALLS CHURCH VOLUNTEER FIRE DEPT 6950 LITTLE FALLS ROAD ARLINGTON, VA 22213	NONE	501(C)(3)	PRESERVATION OF LIFE AND PROPERTY	1,400
FAMILY RESEARCH COUNCIL 801 G ST NW WASHINGTON, DC 20001	NONE	501(C)(3)	SUPPORTING RELIGIOUS LIBERTY	200
Total . . . . ▶ 3a				87,886

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
FREEDOM ALLIANCE 22570 MARKEY COURT DULLES, VA 20166	NONE	501(C)(3)	VETERAN SUPPORT	2,100
FREEDOM SERVICE DOGS OF AMERICA 7193 S DILLON COURT ENGLEWOOD, CO 80112	NONE	501(C)(3)	PROVIDE SERVICE DOGS FOR DISABLED	1,700
HABITAT FOR HORSES PO BOX 213 HITCHCOCK, TX 77563	NONE	501(C)(3)	PRESERVE HILD HORSES	100
HEIFER INTERNATIONAL 1 WORLD AVENUE LITTLE ROCK, AR 72202	NONE	501(C)(3)	ENDING HUNGER AND POVERTY	1,000
HERITAGE FOUNDATION 214 MASSACHUSETTS AVE NE WASHINGTON, DC 20002	NONE	501(C)(3)	EDUCATION FOR CONSERVATIVE POLICIES	1,500
HERO BOX 237 SENOIA ROAD PEACHTREE CITY, GA 30269	NONE	501(C)(3)	SUPPORT FOR MILITARY	2,275
JERUSALEM PRAYER TEAM PO BOX 30000 PHOENIX, AZ 85046	NONE	501(C)(3)	SUPPORT PEACE PROJECTS IN ISRAEL	200
JUDICIAL WATCH 425 THIRD ST SW STE 800 WASHINGTON, DC 20024	NONE	501(C)(3)	EDUCATIONAL FOUNDATION	3,300
KEEPER OF THE WILD 1606 COOLERS DAIRY ROAD WALTERBORO, SC 29488	NONE	501(C)(3)	CARE OF RESUCED WILDLIFE	600
LEADERSHIP INSTITUTE 1101 N HIGHLAND STREET ARLINGTON, VA 22201	NONE	501(C)(3)	EDUCATIONAL ORGANIZATION	1,000
LIBERTY INSTITUTE 2001 W PLANO PKWY 1600 PLANO, TX 75075	NONE	51(C)(3)	RESTORE RELIGIOUS LIBERTY IN USA	100
MCLEAN BIBLE CHURCH PO BOX 9300 MCLEAN, VA 22102	NONE	501(C)(3)	CHRISTIAN MINISTRIES	500
MEDIA RESEARCH CENTER 1900 CAMPUS COMMONS DRIVE RESTON, VA 20191	NONE	501(C)(3)	TO PROMOTE TRUTH IN MEDIA	100
MERCATUS CENTER G MASON UNIV 3434 WASHINGTON BLVD ARLINGTON, VA 22201	NONE	501(C)(3)	ECONOMIC EDUCATION	2,200
MOUTH AND FOOT PAINTING ARTIST 2070 PEACHTREE COURT ATLANTA, GA 30341	NONE	501(C)(3)	SUPPORT FOR ARTISTS W DISABILITES	100
Total . . . . ▶ **3a**				87,886

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
MUTTS WITH A MISSION PO BOX 99 RUCKERSVILLE, VA 22968	NONE	501(C)(3)	SERVICE DOGS FOR WOUNDED WARRIORS	1,600
NAT'L FEDERATION FOR THE BLIND 20 E WELLS STREET BALTIMORE, MD 21230	NONE	501(C)(3)	SUPPORT FOR BLIND PERSONS	1,300
NATIONAL PARK FOUNDATION 1110 VERMONT AVE NW WASHINGTON, DC 20005	NONE	501(C)(3)	PRESERVING AMERICA'S PARKS	200
NATIONAL WASP WWII MUSEUM 210 AVENGER FIELD ROAD SWEETWATER, TX 79556	NONE	501(C)(3)	HONOR FEMALE AIR FORCE VETERANS	4,000
NATL LAW ENFORCEMENT OFFICERS MEMOR 901 E ST NW 100 WASHINGTON, DC 20004	NONE	501(C)(3)	HONOR FALLEN LAW ENFOREMENT OFFICERS	1,700
NOAH'S LOST ARK 8424 BEDELL ROAD BERLIN CENTER, OH 44401	NONE	501(C)(3)	EDUCATION ABOUT ENGANGERED SPECIES	1,100
NORA LAM CHINESE MINISTRIES 5442 THORNWOOD DRIVE SAN JOSE, CA 95123	NONE	501(C)(3)	SPREAD THE GOSPEL AND AID THE POOR	100
OTHER 501(C)(3)DONATION 500 EACH 4141 N HENDERSON RD 8 ARLINGTON, VA 22203	NONE	501(C)(3)	CHARITABLE PURPOSES	2,606
PAWS FOR PURPLE HEARTS 5860 LABATH AVE STE A ROHNERT PARK, CA 94928	NONE	501(C)(3)	SUPPORT FOR VETERANS WITH PTSD	1,900
PAWS OF WAR INC 127-19 SMITHTON BLVD NESCONSET, NY 11767	NONE	501(C)(3)	PROVIDE SHELTER DOGS FOR VETERANS	1,500
PRIDEROCK WILDLIFE REFUGE 17194 CO RD 329 TERRELL, TX 75161	NONE	501(C)(3)	PREVENT ANIMAL CRUELTY	2,100
SAINT LABRE INDIAN SCHOOL 1000 TONGUE RIVER RD ASHLAND, MT 59003	NONE	501(C)(3)	CHRISTIAN EDUCATION FOR NATIVE AMERI	2,100
SOUTHEASTERN LEGAL FOUNDATION 2255 SEWELL MILL ROAD MARIETTA, GA 30062	NONE	501(C)(3)	LEGAL ADVOCACY	2,925
ST JOSEPH INDIAN SCHOOL 1301 N MAIN ST CHAMBERLAIN, SD 57325	NONE	501(C)(3)	EDUCATION FOR NATIVE AMERICANS	1,500
TAX FOUNDATION 1325 G ST NW SUITE 950 WASHINGTON, DC 20005	NONE	501(C)(3)	TAX POLICY RESEARCH AND EDUCATION	500
Total . . . . ▶ **3a**				87,886

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
THE NAT'L MEDAL OF HONOR MUSEUM FDT PO BOX 309 MT PLEASANT, SC 29465	NONE	501(C)(3)	HONOR MILITARY HEROES	600
THE NATURE CONSERVANCY 4245 N FAIRFAX DRIVE 100 ARLINGTON, VA 22203	NONE	501(C)(3)	LAND AND WATER CONSERVATION	100
THE USO 2111 WILSON BLVD 1200 ARLINGTON, VA 22201	NONE	501(C)(3)	SUPPORTING MILITARY SERVICEMEMBERS	1,600
TIGER HAVEN 237 HARVEY ROAD KINGSTON, TN 37763	NONE	501(C)(3)	SANCTUARY FOR RESCUED FELINES	1,500
TROOPS DIRECT 2400 CAMINO RAMON 105 SAN RAMON, CA 94583	NONE	51(C)(3)	SUPPORT FOR MILITARY PERSONNEL	1,700
UNITED STATES JUSTICE FOUNDATION 932 D ST 2 RAMONA, CA 92065	NONE	501(C)(3)	EDUCATION ON LEGAL ISSUES IN AMERICA	2,600
US HOLOCAUST MEMORIAL MUSEUM 100 RAOUL WALLENBERG PL WASHINGTON, DC 20024	NONE	501(C)(3)	EDUCATION REGARDING THE HOLOCAUST	1,600
VETERANS OF FOREIGN WARS FOUNDATION 406 W 34TH ST 920 KANSAS CITY, MO 64111	NONE	501(C)(3)	SUPPORT AMERICAN MILITARY VETERANS	900
VIRGINA STATE POLICE 6944 FOREST HILL AVE RICHMOND, VA 23225	NONE	501(C)(3)	STATE POLICE OFFICER SUPPORT	330
VIRGINIA HOSPITAL CENTER FOUNDATION 1701 N GEORGE MASON DR ARLINGTON, VA 22205	NONE	501(C)(3)	SUPPORTING HEALTH CARE	10,000
WW II VETERANS COMMITTEE 1100 N GLEBE RD 910 ARLINGTON, VA 22201	NONE	501(C)(3)	PRESERVE LEGACY OF WW II HEROES	2,500
Total . . . . ▶ **3a**				87,886

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TY 2016 Investments Corporate Stock Schedule

Name: THE ARTHUR L AND LILY D WALTERS FOUNDATION

EIN: 80-0111331

Name of Stock	End of Year Book Value	End of Year Fair Market Value
34,918 SHS UNITED BANKSHARES	1,614,958	1,614,958

TY 2016 Legal Fees Schedule

Name: THE ARTHUR L AND LILY D WALTERS FOUNDATION

EIN: 80-0111331

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
LEGAL FEES	345			

TY 2016 Other Expenses Schedule

Name: THE ARTHUR L AND LILY D WALTERS FOUNDATION

EIN: 80-0111331

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
STATE CORPORATION COMMISSION	30			
VIRGINIA REGISTRATION FEE	100			
OTHER EXPENSES	4			

TY 2016 Other Income Schedule

Name: THE ARTHUR L AND LILY D WALTERS FOUNDATION

EIN: 80-0111331

Other Income Schedule

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
REIMBURSED EXPENSES	21,949		21,949

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TY 2016 Other Increases Schedule

Name: THE ARTHUR L AND LILY D WALTERS FOUNDATION

EIN: 80-0111331

Description	Amount
UNREALIZED GAIN ON INVESTMENTS	323,341

TY 2016 Taxes Schedule

Name: THE ARTHUR L AND LILY D WALTERS FOUNDATION

EIN: 80-0111331

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INVESTMENT INCOME TAX	778	778		