

For calendar year 2017, or tax year beginning 01-01-2017, and ending 12-31-2017

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) 4141 N HENDERSON ROAD STE8		Room/suite	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 <input type="checkbox"/>	
G Check all that apply <div><input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Address change</div> <div><input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Amended return <input type="checkbox"/> Name change</div>		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>	
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>	
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 1,726,618	J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>	

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check <input checked="" type="checkbox"/> 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	53,190	53,190	53,190	
	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 _____				
Operating and Administrative Expenses	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)				
	12 Total. Add lines 1 through 11	53,233	53,233	53,233	
	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	909	909		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	83	83		
	24 Total operating and administrative expenses. Add lines 13 through 23	992	992		0
	25 Contributions, gifts, grants paid	85,350			85,350
	26 Total expenses and disbursements. Add lines 24 and 25	86,342	992		85,350
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-33,109			
	b Net investment income (if negative, enter -0-)		52,241		
	c Adjusted net income (if negative, enter -0-)			53,233	

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	33,068	146,756	146,756
	2 Savings and temporary cash investments	515,293	166,782	166,782
	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)	1,614,958	1,413,080	1,413,080
	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)	2,163,319	1,726,618	1,726,618	
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 ▶ <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	2,163,319	1,726,618	
30 Total net assets or fund balances (see instructions)	2,163,319	1,726,618		
31 Total liabilities and net assets/fund balances (see instructions) .	2,163,319	1,726,618		

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	2,163,319
2 Enter amount from Part I, line 27a	2	-33,109
3 Other increases not included in line 2 (itemize) ▶ _____	3	
4 Add lines 1, 2, and 3	4	2,130,210
5 Decreases not included in line 2 (itemize) ▶ _____	5	403,592
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30 .	6	1,726,618

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			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a			
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))
2016	87,886	1,932,308	0 045482
2015	118,670	2,004,405	0 059205
2014	34,125	477,815	0 071419
2013			
2012			

2 Total of line 1, column (d)	2	0 176106
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 058702
4 Enter the net value of noncharitable-use assets for 2017 from Part X, line 5	4	1,850,452
5 Multiply line 4 by line 3	5	108,625
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	522
7 Add lines 5 and 6	7	109,147
8 Enter qualifying distributions from Part XII, line 4 ,	8	85,350

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 <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	1,045
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2.	3	1,045
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	1,045
6	Credits/Payments		
a	2017 estimated tax payments and 2016 overpayment credited to 2017	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 <input checked="" type="checkbox"/> 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	1,068
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 2018 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)? <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	No
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? <i>If "Yes," attach a detailed description of the activities</i>	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? <i>If "Yes," attach a conformed copy of the changes</i>	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? <i>If "Yes," attach the statement required by General Instruction T</i>	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? <i>If "Yes," complete Part II, col (c), and Part XV</i>	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? <i>If "No," attach explanation</i> .	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 2017 or the taxable year beginning in 2017 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	9	No
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	10	No

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		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? Website address NONE	13	Yes	
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 <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year 15			
16	At any time during calendar year 2017, 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 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 ▶	16	Yes	No

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.

1a	During the year did the foundation (either directly or indirectly)		Yes	No
	(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)? <input type="checkbox"/> Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/>	1b		
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 2017? <input type="checkbox"/>	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 2017, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2017? <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) <input type="checkbox"/>	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 2017 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 2017). <input type="checkbox"/>	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 2017?	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))?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.	<input type="checkbox"/>			
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?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
	<i>If "Yes," attach the statement required by Regulations section 53.4945–5(d)</i>				
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6b	No	
	<i>If "Yes" to 6b, file Form 8870</i>				
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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	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	Expense account, (e) 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	Expense account, (e) other allowances
NONE				

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

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	1,506,562
b	Average of monthly cash balances.	1b	372,069
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	1,878,631
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	1,878,631
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	28,179
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	1,850,452
6	Minimum investment return. Enter 5% of line 5.	6	92,523

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	92,523
2a	Tax on investment income for 2017 from Part VI, line 5.	2a	1,045
b	Income tax for 2017 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	1,045
3	Distributable amount before adjustments. Subtract line 2c from line 1.	3	91,478
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	91,478
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	91,478

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	85,350
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	85,350
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	85,350

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 2016	(c) 2016	(d) 2017
1 Distributable amount for 2017 from Part XI, line 7				91,478
2 Undistributed income, if any, as of the end of 2017				
a Enter amount for 2016 only.				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2017				
a From 2012.				
b From 2013.				
c From 2014. 2,414				
d From 2015. 19,213				
e From 2016.				
f Total of lines 3a through e.	21,627			
4 Qualifying distributions for 2017 from Part XII, line 4 ▶ \$ 85,350				
a Applied to 2016, 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 2017 distributable amount.				85,350
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2017 (If an amount appears in column (d), the same amount must be shown in column (a))	6,128			6,128
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	15,499			
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 2016 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2017 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2018				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 2012 not applied on line 5 or line 7 (see instructions).				
9 Excess distributions carryover to 2018. Subtract lines 7 and 8 from line 6a	15,499			
10 Analysis of line 9				
a Excess from 2013.				
b Excess from 2014.				
c Excess from 2015. 15,499				
d Excess from 2016.				
e Excess from 2017.				

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

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.)

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

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.

- 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 <i>Paid during the year</i> See Additional Data Table				
Total			3a	85,350
b <i>Approved for future payment</i>				
Total			3b	

Enter gross amounts unless otherwise indicated

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

[illegible]

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

		Yes	No
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1a(1)	No
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1a(1)	No
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1a(2)	No
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1b(1)	No
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1b(2)	No
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1b(3)	No
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1b(4)	No
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1b(5)	No
-------	----

1b(6)	No
-------	----

1c		No
----	--	----

value

[illegible]

described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

(a) Name of organization	(b) Type of organization	(c) Description of relationship

**Sign
Here**

* * * * *

Title

(see instr)? ☐ Yes ☐ No

Form **990-PF** (2017)

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

(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	Expense account, (e) other allowances
ARTHUR L WALTERS 4141 N HENDERSON RD SUITE 8 ARLINGTON, VA 22203	PRESIDENT 000 00	0	0	0
MARK W WALTERS 1005 N GLEBE ROAD SUITE 100 ARLINGTON, VA 22201				
ARTHUR L WALTERS III 13985 75TH AVE N SEMINOLE, FL 33726	DIRECTOR 000 00	0	0	0
SHERRY K MATRICARDI REGENCY TOWERS UNIT 702 950 HIGHWAY 98 EAST DESTIN, FL 32541				
THOMAS E GOODFELLOW 4141 N HENDERSON RD STE 8 ARLINGTON, VA 22003	TREASURER 000 00	0	0	0

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
AIR FORCE ASSOCIATION 1501 LEE HIGHWAY ARLINGTON, VA 22209	NONE	501(C)(3)	PROMOTE STRONG NATIONAL DEFENSE	2,000
CANINES WITH A CAUSEPO BOX 680426 PARK CITY, UT 84068	NONE	501(C)(3)	SERVICE DOGS FOR PTSD VETERANS	1,200
CATHOLIC CHARITIES 2050 BALLENGER AVE 400 ALEXANDRIA, VA 22314	NONE	501(C)(3)	COMM SVC , ADVOCATE JUSTICE	3,000
CIRCLE OF FRIENDS FOR AMERICAN VETS 210 E BROAD ST FALLS CHURCH, VA 22046	NONE	501(C)(3)	VETERAN SUPPORT	1,500
COMMEMORATIVE AIR FORCE PO BOX 764769 DALLAS, TX 75376	NONE	501(C)(3)	PRESERVE COMBAT AIRCRAFT HISTORY	2,000
Total ▶ 3a				85,350

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 <i>Paid during the year</i>				
COMPANIONS FOR HEROESPO BOX 961 LAKE HOPATCONG, NJ 07849	NONE	501(C)(3)	RESCUE ANIMALS FOR PTSD VETERANS	2,015
DOCTORS WITHOUT BORDERS 333 7TH AVE NEW YORK, NY 10001	NONE	501(C)(3)	MEDICAL CARE AND ASSISTANCE	3,200
EASTER SEALS 141 W JACKSON BLVD 1400A CHICAGO, IL 60604	NONE	501(C)(3)	ASSISTANCE FOR DISABLED INDIVIDUALS	100
FREEDOM ALLIANCE 22570 MARKEY COURT DULLES, VA 20166	NONE	501(C)(3)	VETERAN SUPPORT	200
FREEDOM SERVICE DOGS OF AMERICA 7193 S DILLON COURT ENGLEWOOD, CO 80112	NONE	501(C)(3)	PROVIDE SERVICE DOGS FOR DISABLED	600
Total ▶ 3a				85,350

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
HERITAGE FOUNDATION 214 MASSACHUSETTS AVE NE WASHINGTON, DC 20002	NONE	501(C)(3)	EDUCATION FOR CONSERVATIVE POLICIES	1,700
HERO BOX237 SENOIA ROAD PEACHTREE CITY, GA 30269	NONE	501(C)(3)	SUPPORT FOR MILITARY	2,000
JUDICIAL WATCH 425 THIRD ST SW STE 800 WASHINGTON, DC 20024	NONE	501(C)(3)	EDUCATIONAL FOUNDATION	6,800
LEADERSHIP INSTITUTE 1101 N HIGHLAND STREET ARLINGTON, VA 22201	NONE	501(C)(3)	EDUCATIONAL ORGANIZATION	1,200
MEDIA RESEARCH CENTER 1900 CAMPUS COMMONS DRIVE RESTON, VA 20191	NONE	501(C)(3)	TO PROMOTE TRUTH IN MEDIA	900
Total ▶ 3a				85,350

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
MERCATUS CENTER G MASON UNIV 3434 WASHINGTON BLVD ARLINGTON, VA 22201	NONE	501(C)(3)	ECONOMIC EDUCATION	10,500
MUTTS WITH A MISSIONPO BOX 99 RUCKERSVILLE, VA 22968	NONE	501(C)(3)	SERVICE DOGS FOR WOUNDED WARRIORS	2,800
NAT'L FEDERATION FOR THE BLIND 20 E WELLS STREET BALTIMORE, MD 21230	NONE	501(C)(3)	SUPPORT FOR BLIND PERSONS	2,000
NATIONAL PARK FOUNDATION 1110 VERMONT AVE NW WASHINGTON, DC 20005	NONE	501(C)(3)	PRESERVING AMERICA'S PARKS	900
NATIONAL WASP WWII MUSEUM 210 AVENGER FIELD ROAD SWEETWATER, TX 79556	NONE	501(C)(3)	HONOR FEMALE AIR FORCE VETERANS	2,000
Total ▶ 3a				85,350

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
NOAH'S LOST ARK8424 BEDELL ROAD BERLIN CENTER, OH 44401	NONE	501(C)(3)	EDUCATION ABOUT ENGANGERED SPECIES	1,200
OTHER 501(C)(3)DONATION 500 EACH 4141 N HENDERSON RD 8 ARLINGTON, VA 22203	NONE	501(C)(3)	CHARITABLE PURPOSES	3,435
PRIDEROCK WILDLIFE REFUGE 17194 CO RD 329 TERRELL, TX 75161	NONE	501(C)(3)	PREVENT ANIMAL CRUELTY	1,200
SAINT LABRE INDIAN SCHOOL 1000 TONGUE RIVER RD ASHLAND, MT 59003	NONE	501(C)(3)	CHRISTIAN EDUCATION FOR NATIVE AMERI	1,200
SOUTHEASTERN LEGAL FOUNDATION 2255 SEWELL MILL ROAD MARIETTA, GA 30062	NONE	501(C)(3)	LEGAL ADVOCACY	1,600
Total ▶ 3a				85,350

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 <i>Paid during the year</i>				
ST JOSEPH INDIAN SCHOOL 1301 N MAIN ST CHAMBERLAIN, SD 57325	NONE	501(C)(3)	EDUCATION FOR NATIVE AMERICANS	800
TAX FOUNDATION 1325 G ST NW SUITE 950 WASHINGTON, DC 20005	NONE	501(C)(3)	TAX POLICY RESEARCH AND EDUCATION	600
THE USO2111 WILSON BLVD 1200 ARLINGTON, VA 22201	NONE	501(C)(3)	SUPPORTING MILITARY SERVICEMEMBERS	1,200
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	4,000
Total ▶ 3a				85,350

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
VETERANS OF FOREIGN WARS FOUNDATION 406 W 34TH ST 920 KANSAS CITY, MO 64111	NONE	501(C)(3)	SUPPORT AMERICAN MILITARY VETERANS	2,000
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	2,000
AMERICARES88 HAMILTON AVE STAMFORD, CT 06902	NONE	501(C)(3)	PROVIDE HEALTHCARE AROUND THE WORLD	800
CHILDRENS NATIONAL MEDICAL CENTER 111 MICHIGAN AVE NW WASHINGTON, DC 20010	NONE	501(C)(3)	PROVIDER OF PEDIATRIC MEDICAL CARE	700
Total ► 3a				85,350

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
FREEDOM FOUNDATION 18002 IRVINE BLVD STE 108 IRVINE, CA 92780	NONE	501(C)(3)	PROMOTING RESPONSIBLE SELF GOVERNANC	1,800
IN-VEST USAPO BOX 23489 COLUMBIA, SC 29224	NONE	501(C)(3)	SUPPORT LAW ENFORCEMENT	500
STEPHENS COMMUNITY CANINE RESCUE 30 BUNK HOWARD RD STEPHENS, GA 30667	NONE	501(C)(3)	CANINE RESCUE AND CARE	2,000
THOMAS MORE LAW CENTER 24 FRANK LLOYD WRIGHT DR ANN ARBOR, MI 48105	NONE	501(C)(3)	DEFEND JUDEOCHRISTIAN HERITAGE	800
TIGER PRESERVATION CENTER 28057 S JUNCTION AVE CAVE JUNCTION, OR 97523	NONE	501(C)(3)	PROTECT ENDANGERED SPECIES	1,200
Total ► 3a				85,350

TY 2017 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	1,213,400	1,213,400
OTHER MARKETABLE SECURITIES	199,680	199,680

TY 2017 Other Decreases Schedule

Name: THE ARTHUR L AND LILY D WALTERS
FOUNDATION

EIN: 80-0111331

Description	Amount
UNREALIZED LOSS ON INVESTMENTS	403,592

TY 2017 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	30		
OTHER EXPENSES	23	23		
INVESTMENT FEES	30	30		

TY 2017 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	909	909		