

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

Name of foundation JAMES ARTHUR RAE CHARITABLE TRUST		A Employer identification number 86-0937247	
Number and street (or P O box number if mail is not delivered to street address) 14602 N TATUM BLVD		Room/suite	B Telephone number (see instructions) (480) 425-1111
City or town, state or province, country, and ZIP or foreign postal code PHOENIX, AZ 85032		C If exemption application is pending, check here ☐	
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ 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) \$ 7,715,894	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	12,438	12,438		
	4 Dividends and interest from securities	138,667	138,667		
	5a Gross rents	332,457	332,457		
	b Net rental income or (loss) 219,300				
	6a Net gain or (loss) from sale of assets not on line 10 	144,874			
	b Gross sales price for all assets on line 6a 904,753				
	7 Capital gain net income (from Part IV, line 2)		144,874		
	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	628,436	628,436		
	13 Compensation of officers, directors, trustees, etc	69,321	34,661		34,660
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule) 	1,991	1,991		
	b Accounting fees (attach schedule) 	6,400	3,200		3,200
	c Other professional fees (attach schedule) 	59,161	59,161		
	17 Interest	27	27		
	18 Taxes (attach schedule) (see instructions) 	42,627	42,484		
	19 Depreciation (attach schedule) and depletion 	39,620	39,620		
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) 	19,647	19,647		
	24 Total operating and administrative expenses. Add lines 13 through 23	238,794	200,791		37,860
	25 Contributions, gifts, grants paid	360,000			360,000
	26 Total expenses and disbursements. Add lines 24 and 25	598,794	200,791		397,860
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	29,642			
	b Net investment income (if negative, enter -0-)		427,645		
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	365,204	440,282	440,282		
	2	Savings and temporary cash investments					
	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) ▶ <u>313,903</u> Less allowance for doubtful accounts ▶ _____	307,733	313,903	313,903		
	8	Inventories for sale or use					
	9	Prepaid expenses and deferred charges	2,313	2,328	2,328		
	10a	Investments—U S and state government obligations (attach schedule)					
	b	Investments—corporate stock (attach schedule)	4,480,432	5,082,085	5,082,085		
	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)	617,172	612,810	612,810		
	14	Land, buildings, and equipment basis ▶ <u>1,810,074</u> Less accumulated depreciation (attach schedule) ▶ <u>680,663</u>	1,168,720	1,129,411	1,129,411		
15	Other assets (describe ▶ _____)	149,508	135,075	135,075			
16	Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	7,091,082	7,715,894	7,715,894			
Liabilities	17	Accounts payable and accrued expenses	39,031	41,558			
	18	Grants payable	330,742	318,412			
	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)	369,773	359,970			
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	6,721,309	7,355,924			
	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					
	30	Total net assets or fund balances (see instructions)	6,721,309	7,355,924			
31	Total liabilities and net assets/fund balances (see instructions) .	7,091,082	7,715,894				

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	6,721,309
2	Enter amount from Part I, line 27a	2	29,642
3	Other increases not included in line 2 (itemize) ▶ _____	3	605,243
4	Add lines 1, 2, and 3	4	7,356,194
5	Decreases not included in line 2 (itemize) ▶ _____	5	270
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30 .	6	7,355,924

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)
1 a JPM Investments-ST Covered	P		2017-12-31
b JPM Investments-LT Covered	P		2017-12-31
c Morgan Stanley-ST Covered	P		2017-12-31
d Morgan Stanley-LT Covered	P		2017-12-31
e Morgan Stanley-LT Noncovered	P		2017-12-31

(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 300,675		290,999	9,676
b 23,516		23,415	101
c 191,414		174,738	17,098
d 321,313		247,104	75,491
e 56,466		25,327	31,139

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			9,676
b			101
c			17,098
d			75,491
e			31,139

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	144,874
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	11,369

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	493,571	6,949,811	000 071019
2015	357,586	7,140,700	000 050077
2014	323,632	8,326,029	000 038870
2013	286,616	8,043,096	000 035635
2012	311,213	7,708,509	000 040373
2 Total of line 1, column (d)			2 000 235974
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			3 000 047195
4 Enter the net value of noncharitable-use assets for 2017 from Part X, line 5			4 7,305,504
5 Multiply line 4 by line 3			5 344,783
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 4,276
7 Add lines 5 and 6			7 349,059
8 Enter qualifying distributions from Part XII, line 4			8 397,860

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	4,276
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	4,276
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	4,276
6	Credits/Payments		
a	2017 estimated tax payments and 2016 overpayment credited to 2017	6a	645
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	8,879
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	103
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	4,500
11	Enter the amount of line 10 to be Credited to 2018 estimated tax ☐ 4,500 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) ☐ AZ		
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 ▶ n/a	13	Yes	
14	The books are in care of ▶ MARYLAND LLC Telephone no ▶ (480) 425-1111			

Located at ▶ 14602 N TATUM BLVD PHOENIX AZ

ZIP+4 ▶ 85032

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 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? ☐ 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)? ☐ Organizations relying on a current notice regarding disaster assistance check here. ▶ ☐	1b		No
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? ☐	1c		No
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? ☐ 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 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). ☐	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))?	☐ 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?				
	<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?				
	<i>If "Yes" to 6a, file Form 8870</i>				
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	6b			No
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?				
	<i>If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?</i>	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
MARYLAND LLC 14602 N TATUM BLVD PHOENIX, AZ 85032	TRUSTEE 040 00	69,071		
JOEL KRAMER 3101 N CENTRAL AVE STE 300 PHOENIX, AZ 85012	TRUSTEE 000 10	250		

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	Contributions to employee benefit plans and deferred compensation (d)	Expense account, (e) other allowances

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

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

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 N/A	0
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	4,999,939
b	Average of monthly cash balances.	1b	196,189
c	Fair market value of all other assets (see instructions).	1c	2,220,627
d	Total (add lines 1a, b, and c).	1d	7,416,755
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	7,416,755
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	111,251
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	7,305,504
6	Minimum investment return. Enter 5% of line 5.	6	365,275

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	365,275
2a	Tax on investment income for 2017 from Part VI, line 5.	2a	4,276
b	Income tax for 2017 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	4,276
3	Distributable amount before adjustments. Subtract line 2c from line 1.	3	360,999
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	360,999
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	360,999

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	397,860
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	397,860
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	4,276
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	393,584

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				360,999
2 Undistributed income, if any, as of the end of 2017				
a Enter amount for 2016 only.			8,162	
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.				
d From 2015.				
e From 2016.				
f Total of lines 3a through e.				
4 Qualifying distributions for 2017 from Part XII, line 4 ▶ \$ 397,860				
a Applied to 2016, but not more than line 2a			8,162	
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.				360,999
e Remaining amount distributed out of corpus	28,699			
5 Excess distributions carryover applied to 2017 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	28,699			
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	28,699			
10 Analysis of line 9				
a Excess from 2013.				
b Excess from 2014.				
c Excess from 2015.				
d Excess from 2016.				
e Excess from 2017.	28,699			

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 2017, 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) 2017	(b) 2016	(c) 2015	(d) 2014	
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))
NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest
NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number or 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 <i>Paid during the year</i> INTEREST MINISTRIES 2060 STONINGTON AVE STE 101 HOFFMAN ESTATES, IL 60169	NONE	PC	PROGRAM SUPPORT	355,000
ARIZONA BAPTIST CHILDREN'S SERVICES 1779 N ALVERNON WAY TUCSON, AZ 85712	NONE	PC	PROGRAM SUPPORT	5,000
Total ▶ 3a				360,000
b <i>Approved for future payment</i>				
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			14	12,438	
4 Dividends and interest from securities.			14	138,667	
5 Net rental income or (loss) from real estate					
a Debt-financed property.					
b Not debt-financed property.			16	332,457	
6 Net rental income or (loss) from personal property					
7 Other investment income.					
8 Gain or (loss) from sales of assets other than inventory			18	144,874	
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).				628,436	
13 Total. Add line 12, columns (b), (d), and (e).			13		628,436

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

Part XVII

- | | | | | |
|---|--|----|--|----|
| 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. | | | |

[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 ▶ ***** 2018-11-06 ***** ▶

Signature of officer or trustee Date Title

May the IRS discuss this return with the preparer shown below ☐ ☐

Paid Preparer Use Only	Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ☐	PTIN
	KRISTINA MORGAN CPA		2018-11-06		
	Firm's name ▶ SECHLER MORGAN CPAS PLLC				Firm's EIN ▶
	Firm's address ▶ 2418 W BARROW DRIVE CHANDLER, AZ 85224				Phone no (602) 230-2700

TY 2017 Accounting Fees Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0**Accounting Fees Schedule**

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	6,400	3,200		3,200

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2017 Depreciation Schedule

Name: JAMES ARTHUR RAE CHARITABLE TRUST

EIN: 86-0937247

Software ID: 17005317

Software Version: 18.2.0.0

Description of Property	Date Acquired	Cost or Other Basis	Prior Years' Depreciation	Computation Method	Rate / Life (# of years)	Current Year's Depreciation Expense	Net Investment Income	Adjusted Net Income	Cost of Goods Sold Not Included
BUILDING	2000-10-16	1,064,996	436,209	SL	0000000040 000000000000	26,625	26,625		
BUILDING	1997-12-31	397,500	193,658	SL	0000000039 000000000000	10,192	10,192		
HVAC	2003-06-01	16,550	3,602	SL	0000000039 000000000000	424	424		
TI PROJECT	2003-12-01	80,330	8,066	SL	0000000039 000000000000	2,060	2,060		
BUILDING FENCING	2015-11-15	1,050	30	SL	0000000039 000000000000	27	27		
BUILDING ELECTRICAL	2015-11-23	3,410	98	SL	0000000039 000000000000	88	88		
ROOFING	2016-03-07	7,950	170	SL	0000000039 000000000000	204	204		

TY 2017 General Explanation Attachment

Name: JAMES ARTHUR RAE CHARITABLE TRUST

EIN: 86-0937247

Software ID: 17005317

Software Version: 18.2.0.0

TY 2017 Investments Corporate Stock Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0

Name of Stock	End of Year Book Value	End of Year Fair Market Value
MANAGED INVESTMENT ACCOUNTS	5,082,085	5,082,085

TY 2017 Investments - Other Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0**Investments Other Schedule 2**

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
ARTWORK	FMV	6,800	6,800
MP122009 LLC	FMV	14,323	14,323
MP062011 LLC	FMV	15,914	15,914
BJM POOL VII INVESTMENTS LLC	FMV	142,632	142,632
ANTELOPE 120, LLC	FMV	427,543	427,543
IMH SECURED LOAN FUND	FMV	5,598	5,598

**TY 2017 Land, Etc.
Schedule****Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0

Category / Item	Cost / Other Basis	Accumulated Depreciation	Book Value	End of Year Fair Market Value
BUILDINGS IMPROVEMENTS	1,571,786	680,663	891,123	891,123
LAND	238,288		238,288	238,288

TY 2017 Legal Fees Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
LEGAL FEES	1,991	1,991		

TY 2017 Other Assets Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0**Other Assets Schedule**

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
DEFERRED LEASE COMMISSION	148,880	133,873	133,873
INTEREST RECEIVABLE	628	1,202	1,202

TY 2017 Other Decreases Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0

Description	Amount
IMPAIRMENT LOSS	270

TY 2017 Other Expenses Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0**Other Expenses Schedule**

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
RENTAL INSURANCE	4,640	4,640		
RENTAL DEFERRED COMMISSIONS	15,007	15,007		

TY 2017 Other Increases Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0

Description	Amount
UNREALIZED GAINS/LOSSES FROM INVESTMENTS	597,441
BOOK-TAX DIFFERENCES	7,802

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

**TY 2017 Other
Notes/Loans Receivable
Long Schedule**

Name: JAMES ARTHUR RAE CHARITABLE TRUST

EIN: 86-0937247

Software ID: 17005317

Software Version: 18.2.0.0

Borrower's Name	Relationship to Insider	Original Amount of Loan	Balance Due	Date of Note	Maturity Date	Repayment Terms	Interest Rate	Security Provided by Borrower	Purpose of Loan	Description of Lender Consideration	Consideration FMV
NOTE RECEIVABLE	UNRELATED	306,200	313,903	2012-09	2022-09	INTEREST ONLY BALLOONS AT MATURITY	6 0000000000 %		PURCHASER OF TRUST LAND	LAND	306,200

TY 2017 Other Professional Fees Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
RENTAL MANAGEMENT FEES	17,105	17,105		
INVESTMENT ADVISORY FEES	42,056	42,056		

TY 2017 Taxes Schedule**Name:** JAMES ARTHUR RAE CHARITABLE TRUST**EIN:** 86-0937247**Software ID:** 17005317**Software Version:** 18.2.0.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
RENTAL REAL ESTATE TAXES	37,096	37,096		
FOREIGN TAX	3,555	3,555		
FLOW-THROUGH INVESTMENT TAXES	1,833	1,833		
EXCISE TAXES	143			