

Return of Private Foundation

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

Form **990-PF**Department of the Treasury
Internal Revenue Service

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► Go to www.irs.gov/Form990PF for instructions and the latest information.

2019

Open to Public Inspection

For calendar year 2019 or tax year beginning , and ending

Name of foundation HORACE G. FRALIN CHARITABLE TRUST		A Employer identification number 54-1509505
Number and street (or P O box number if mail is not delivered to street address) POST OFFICE BOX 29600	Room/suite	B Telephone number (see instructions) 540-776-7444
City or town, state or province, country, and ZIP or foreign postal code ROANOKE VA 24018		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) ► \$ 47,631,665	J Accounting method ☐ Cash ☒ Accrual ☐ Other (specify)	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)
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		661,875	655,601	661,875	
4 Dividends and interest from securities		154,241	154,241	154,241	
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10 Stmt 1		573,518			
b Gross sales price for all assets on line 6a 656,331					
7 Capital gain net income (from Part IV, line 2)			253,495		
8 Net short-term capital gain				8,832	
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) Stmt 2		408,197	195,145	408,197	
12 Total. Add lines 1 through 11		1,797,831	1,258,482	1,233,145	
13 Compensation of officers, directors, trustees, etc		24,000	24,000		
14 Other employee salaries and wages		9,000			
15 Pension plans, employee benefits		688			
16a Legal fees (attach schedule) See Stmt 3		6,825	6,825		
b Accounting fees (attach schedule)					
c Other professional fees (attach schedule)					
17 Interest		52,064	52,064		
18 Taxes (attach schedule) (see instructions)					
19 Depreciation (attach schedule) and depletion		4,115	4,115		
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses (all sch) Stmt 4		389,097	121,057		
24 Total operating and administrative expenses. Add lines 13 through 23		485,789	208,061	0	0
25 Contributions, gifts, grants paid		3,000,153			3,000,153
26 Total expenses and disbursements. Add lines 24 and 25		3,485,942	208,061	0	3,000,153
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements		-1,688,111			
b Net investment income (if negative, enter -0-)			1,050,421		
c Adjusted net income (if negative, enter -0-)				1,233,145	

For Paperwork Reduction Act Notice, see instructions.

Form 990-PF (2019)

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash – non-interest-bearing				
	2	Savings and temporary cash investments		273,693	252,691	252,691
	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 (att. schedule) ▶ See Wrk 347,812				
		Less: allowance for doubtful accounts ▶ 0		347,812	347,812	347,812
	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)				
	c	Investments – corporate bonds (attach schedule)				
	11	Investments – land, buildings, and equipment basis ▶				
	Less: accumulated depreciation (attach sch.) ▶					
12	Investments – mortgage loans					
13	Investments – other (attach schedule) See Statement 5		41,401,915	39,534,689	46,817,458	
14	Land, buildings, and equipment basis ▶					
	Less: accumulated depreciation (attach sch.) ▶					
15	Other assets (describe ▶ See Statement 6)		94,269	213,704	213,704	
16	Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)		42,117,689	40,348,896	47,631,665	
Liabilities	17	Accounts payable and accrued expenses		772	772	
	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)		772	772	
Net Assets or Fund Balances		Foundations that follow FASB ASC 958, check here and complete lines 24, 25, 29, and 30. ▶ ☐				
	24	Net assets without donor restrictions				
	25	Net assets with donor restrictions				
		Foundations that do not follow FASB ASC 958, check here and complete lines 26 through 30. ▶ ☒				
	26	Capital stock, trust principal, or current funds		42,116,917	40,348,124	
	27	Paid-in or capital surplus, or land, bldg, and equipment fund				
	28	Retained earnings, accumulated income, endowment, or other funds				
	29	Total net assets or fund balances (see instructions)		42,116,917	40,348,124	
30	Total liabilities and net assets/fund balances (see instructions)		42,117,689	40,348,896		

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 29 (must agree with end-of-year figure reported on prior year's return)	1	42,116,917
2	Enter amount from Part I, line 27a	2	-1,688,111
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	40,428,806
5	Decreases not included in line 2 (itemize) ▶ See Statement 7	5	80,682
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 29	6	40,348,124

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (for example, real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)		(b) How acquired P – Purchase D – Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a See Worksheet				
b				
c				
d				
e				

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

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

(i) FMV 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	253,495
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	8,832

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 doesn't qualify under section 4940(e). Do not complete this part.

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2018	2,440,165	35,492,759	0.068751
2017	2,504,730	39,897,290	0.062779
2016	2,296,063	42,596,420	0.053903
2015	2,468,481	45,484,315	0.054271
2014	2,350,048	51,833,181	0.045339

2 Total of line 1, column (d)	2	0.285043
3 Average distribution ratio for the 5-year base period – divide the total on line 2 by 5 0, or by the number of years the foundation has been in existence if less than 5 years	3	0.057009
4 Enter the net value of noncharitable-use assets for 2019 from Part X, line 5	4	46,735,993
5 Multiply line 4 by line 3	5	2,664,372
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	10,504
7 Add lines 5 and 6	7	2,674,876
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions	8	3,000,153

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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	10,504
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	0
3 Add lines 1 and 2		3	10,504
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only, others, enter -0-)		4	0
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	10,504
6 Credits/Payments			
a 2019 estimated tax payments and 2018 overpayment credited to 2019	6a	18,000	
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c	6,000	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	24,000	
8 Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	13	
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	13,483	
11 Enter the amount of line 10 to be Credited to 2020 estimated tax 2,500 Refunded	11	10,983	

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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes? See the instructions for the definition. 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		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation \$ (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		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	X	
b If "Yes," has it filed a tax return on Form 990-T for this year?		X
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
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	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2019 or the tax year beginning in 2019? See instructions for Part XIV. If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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		X
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement See instructions		X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	X	
14 The books are in care of ► THE TRUST PO BOX 29600 Located at ► ROANOKE VA ZIP+4 ► 24018 Telephone no ► 540-776-7444		
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 6,274		
16 At any time during calendar year 2019, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114 If "Yes," enter the name of the foreign country ►		X

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

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

	Yes	No
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 Organizations relying on a current notice regarding disaster assistance, check here	N/A	
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2019?	N/A	
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 2019, did the foundation have any undistributed income (Part XIII, lines 6d and 6e) for tax year(s) beginning before 2019? If "Yes," list the years ► 20 , 20 , 20 , 20	☐ Yes ☒ No	
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)	N/A	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20 , 20 , 20 , 20		
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 2019 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 Form 4720, Schedule C, to determine if the foundation had excess business holdings in 2019)		X
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2019?		X

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

		Yes	No
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	N/A	
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? If "Yes," attach the statement required by Regulations section 53.4945–5(d)	N/A	
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? If "Yes" to 6b, file Form 8870		6b
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes	☒ No
b	If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	
8	Is the foundation subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year?	☐ Yes	☒ No

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, and foundation managers and their compensation. See instructions.**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
W. HEYWOOD FRALIN P.O. BOX 29600 ROANOKE VA 24018	CO-TRUSTEE 0.00	0	0	0
WILLIAM H. FRALIN P.O. BOX 29600 ROANOKE VA 24018	CO-TRUSTEE 0.00	8,000	0	0
ROBERT P. FRALIN PO BOX 29600 ROANOKE VA 24018	CO-TRUSTEE 0.00	8,000	0	0
KATHERINE F. WALKER PO BOX 29600 ROANOKE VA 24018	CO-TRUSTEE 0.00	8,000	0	0

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

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

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

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services. See instructions. If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
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 N/A	
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	

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	10,564,247
b	Average of monthly cash balances	1b	324,998
c	Fair market value of all other assets (see instructions)	1c	35,846,748
d	Total (add lines 1a, b, and c)	1d	46,735,993
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	46,735,993
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	0
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	46,735,993
6	Minimum investment return. Enter 5% of line 5	6	2,336,800

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	2,336,800
2a	Tax on investment income for 2019 from Part VI, line 5	2a	10,504
b	Income tax for 2019 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	10,504
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	2,326,296
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	2,326,296
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	2,326,296

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	3,000,153
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	3,000,153
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	10,504
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	2,989,649

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 2018	(c) 2018	(d) 2019
1 Distributable amount for 2019 from Part XI, line 7				2,326,296
2 Undistributed income, if any, as of the end of 2019				
a Enter amount for 2018 only			674,413	
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2019				
a From 2014				
b From 2015				
c From 2016				
d From 2017				
e From 2018				
f Total of lines 3a through e				
4 Qualifying distributions for 2019 from Part XII, line 4 ▶ \$ 3,000,153				
a Applied to 2018, but not more than line 2a			674,413	
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 2019 distributable amount				2,325,740
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2019 (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				
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 2018 Subtract line 4a from line 2a Taxable amount – see instructions				
f Undistributed income for 2019 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2020				556
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 2014 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2020. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2015				
b Excess from 2016				
c Excess from 2017				
d Excess from 2018				
e Excess from 2019				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

- | | | | | | |
|---|---|--|--|--|--|
| <p>1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2019, enter the date of the ruling ▶</p> <p>b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)</p> | | | | | |
| <p>2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed</p> <p>b 85% of line 2a</p> <p>c Qualifying distributions from Part XII, line 4, for each year listed</p> <p>d Amounts included in line 2c not used directly for active conduct of exempt activities</p> <p>e Qualifying distributions made directly for active conduct of exempt activities
Subtract line 2d from line 2c</p> | <p>Tax year Prior 3 years (e) Total</p> <p>(a) 2019 (b) 2018 (c) 2017 (d) 2016</p> | | | | |
| | | | | | |
| <p>3 Complete 3a, b, or c for the alternative test relied upon</p> <p>a "Assets" alternative test – enter</p> <p>(1) Value of all assets</p> <p>(2) Value of assets qualifying under section 4942(j)(3)(B)(i)</p> <p>b "Endowment" alternative test – enter 2/3 of minimum investment return shown in Part X, line 6, for each year listed</p> <p>c "Support" alternative test – enter</p> <p>(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)</p> <p>(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)</p> <p>(3) Largest amount of support from an exempt organization</p> <p>(4) Gross investment income</p> | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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

1 Information Regarding Foundation Managers:

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

- 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
N/A

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., to individuals or organizations under other conditions, complete items 2a, b, c, and d. See instructions.

- a The name, address, and telephone number or email address of the person to whom applications should be addressed
W. HEYWOOD FRALIN 540-776-7444
PO BOX 29600 ROANOKE VA 24018

- b The form in which applications should be submitted and information and materials they should include
N/A

- c Any submission deadlines
N/A

- | | | |
|---|--|-----|
| d | Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors | N/A |
|---|--|-----|

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year SEE ATTACHED SCHED				3,000,153
Total				3a 3,000,153
b Approved for future payment N/A				
Total				3b

Part XVI-A	Analysis of Income-Producing Activities
-------------------	--

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments					
4	Dividends and interest from securities					
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						
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)					
13	Total. Add line 12, columns (b), (d), and (e)					

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

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) (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?
- a** Transfers from the reporting foundation to a noncharitable exempt organization of
- (1) Cash
- (2) Other assets
- b** Other transactions
- (1) Sales of assets to a noncharitable exempt organization
- (2) Purchases of assets from a noncharitable exempt organization
- (3) Rental of facilities, equipment, or other assets
- (4) Reimbursement arrangements
- (5) Loans or loan guarantees
- (6) Performance of services or membership or fundraising solicitations
- c** Sharing of facilities, equipment, mailing lists, other assets, or paid employees
- 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.

	Yes	No
1a(1)		X
1a(2)		X
1b(1)		X
1b(2)		X
1b(3)		X
1b(4)		X
1b(5)		X
1b(6)		X
1c		X

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) (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
N/A		

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.

**Sign
Here**

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

☐ Yes ☐ No

Signature of officer or trustee

Date _____

Title

CO-TRUSTEES

Paid
Preparer
Use Only

Print/Type preparer's name

Preparer's signature

Date _____

Check ☐ if self-employed

MARK K. MOSDELL

Firm's name ▶ Spencer Hager & Mosdell, P.C.

PTIN	P00687283
------	-----------

Firm's address ► P.O. Box 1165

Firm's EIN ▶ 54-1467814

Roanoke, VA 24006-1165

Phone no 540-985-0308

Capital Gains and Losses for Tax on Investment Income

Form **990-PF****2019**

For calendar year 2019, or tax year beginning

, and ending

Name

Employer Identification Number

HORACE G. FRALIN CHARITABLE TRUST

54-1509505

(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) VT AGENCY K-1'S SHORT TERM	P	Various	Various
(2) VT AGENCY K-1'S LONG TERM	P	Various	Various
(3) VT AGENCY MANAGED SHORT TERM	P	Various	Various
(4) VT AGENCY MANAGED LONG TERM	P	Various	Various
(5) OTHER PARTNERSHIPS LONG TERM	P	Various	Various
(6) KAYNE ANDERSON	P	07/11/15	02/14/19
(7)			
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			

(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)
(1) 81,152			81,152
(2) 194,710			194,710
(3)		72,320	-72,320
(4) 4,230			4,230
(5) 42,995			42,995
(6) 13,221		10,493	2,728
(7)			
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			

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

(i) FMV 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))
(1)			81,152
(2)			194,710
(3)			-72,320
(4)			4,230
(5)			42,995
(6)			2,728
(7)			
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			

Federal Statements

FYE: 12/31/2019

Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets

Description			How Received	Whom Sold	Date Acquired
Date Sold	Sale Price	Cost	Expense	Depreciation	Net Gain / Loss
SECTION 1231			Purchase		Various
Various	\$ 166,823	\$	\$	\$	166,823
Short-term Gain/Loss from Pass-through Entity					
	1,083				1,083
Long-term Gain/Loss from Pass-through Entity					
	152,117				152,117
Total	\$ 320,023	\$ 0	\$ 0	\$ 0	\$ 320,023

Statement 2 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
NOT UNRELATED	\$ 54,101	\$ 54,101	\$ 54,101
UBTI	14,199		14,199
OTHER P/S INCOME	85,879	85,879	85,879
VT AGENCY	39,694	39,694	39,694
VT AGENCY	15,471	15,471	15,471
UNRELATED BUS. INC. ON 990	198,853		198,853
Total	\$ 408,197	\$ 195,145	\$ 408,197

Statement 3 - Form 990-PF, Part I, Line 16a - Legal Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Indirect Legal Fees	\$ 6,825	\$ 6,825	\$	\$
Total	\$ 6,825	\$ 6,825	\$ 0	\$ 0

Federal Statements

FYE: 12/31/2019

Statement 4 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
	\$	\$	\$	\$
Expenses				
BANK CHARGES	62	62		
FIDUCIARY FEES	94,265	94,264		
PORTFOLIO DEDUCTIONS	18,328	18,328		
OTHER DEDUCTIONS	259,545			
ROYALTY DEDUCTIONS	8,534	8,534		
FOREIGN TAXES	8,494			
POSTAGE	55	55		
MISCELLANEOUS	-186	-186		
Total	\$ 389,097	\$ 121,057	\$ 0	\$ 0

Statement 5 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
See Attached	\$ 41,401,915	\$ 39,534,689	Cost	\$ 46,817,458
Total	\$ 41,401,915	\$ 39,534,689		\$ 46,817,458

Statement 6 - Form 990-PF, Part II, Line 15 - Other Assets

Description	Beginning of Year	End of Year	Fair Market Value
DISTRIBUTION RECEIVABLE	\$ 1,122	\$ 112,590	\$ 112,590
INCOME/EXCISE TAXES RECEIVABLE	44,146	52,113	52,113
OGDEN PARK COSTS	49,001	49,001	49,001
Total	\$ 94,269	\$ 213,704	\$ 213,704

25760T HORACE G. FRALIN CHARITABLE TRUST

54-1509505

Federal Statements

FYE: 12/31/2019

Statement 7 - Form 990-PF, Part III, Line 5 - Other Decreases

Description	Amount
TAXES	\$ 80,248
PENALTIES	434
Total	<u>\$ 80,682</u>

THE HORACE G. FRALIN CHARITABLE TRUST
12/31/2019

FORM 990-PF, PAGE 2, PART II, LINE 7 -
NOTES RECEIVABLE

F&W OFFICE PARK III (1) , (2), (3), (4) & (5)

\$ 347,812

THE HORACE G FRALIN CHARITABLE TRUST

12/31/2018

FORM 990-PF, PAGE 2, PART II, LINE 13 -

OTHER INVESTMENTS

	<u>Book Value</u>	<u>Market Value</u>
Fralin and Waldron Office Park Limited Partnership	\$ 233,591	\$ 171,794
F&W Office Park II Limited Partnership	24,573	19,374
Fralin & Waldron Commercial Rental II Limited Partnership	241,258	161,916
Central Investors Limited Partnership	0	0
F&W Development, L L.C	5,717	0
F&W Management Corporation	182,993	106,286
Region Properties, Inc.	52,855	50,550
Falcun Corporation	4,647	9,283
Medical Facilities of America LXVIII (68) Limited Partnership	3,928	4,263
F&W Office Park III, L.C.	124,743	50,550
FW Properties, L.L.C.	98,705	125,498
FW Properties II, L L.C.	209,163	162,618
FW Properties VI, L.L.C.	0	0
FW Properties VII, L.L.C.	145,396	125,718
Horace Fralin, L L.C	14,693	52,282
VT Agency Fund	38,192,427	45,777,326
Total	<u>\$ 39,534,689</u>	<u>\$ 46,817,458</u>

HORACE G. FRALIN CHARITABLE TRUST
12/31/2019

FORM 990-PF, PAGE 11, PART XV, LINE 3 -
GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

<u>Name and Address</u>	<u>Purpose</u>	<u>Amount</u>
Virginia Tech Foundation Blacksburg, Virginia	Various	\$ 3,000,000
From K-1's	Various	153
TOTAL		<u>\$ 3,000,153</u>