

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

2011

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury Internal Revenue Service

For calendar year 2011 or other tax year beginning JUL 1, 2011, and ending JUN 30, 2012

A Check box if address changed

Name of organization (Check box if name changed and see instructions.)

D Employer identification number (Employees' trust, see instructions.)

B Exempt under section 501(c)(3) 408(e) 408A 529(a) 220(e) 530(a)

Print or Type

AMERICAN LEGACY FOUNDATION

91-1956621

Number, street, and room or suite no. If a P.O. box, see instructions.

1724 MASSACHUSETTS AVENUE, NW

E Unrelated business activity codes (See instructions.)

City or town, state, and ZIP code

WASHINGTON, DC 20036

900000 812930

C Book value of all assets at end of year 1,038,736,480.

F Group exemption number (See instructions.)

G Check organization type 501(c) corporation 501(c) trust 401(a) trust Other trust

H Describe the organization's primary unrelated business activity. DEBT FINANCED INCOME

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No

J The books are in care of ANTHONY T. O'TOOLE Telephone number (202) 454-5555

Table with 4 columns: (A) Income, (B) Expenses, (C) Net. Rows include Gross receipts or sales, Cost of goods sold, Capital gain net income, etc.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)

Table with 3 columns: Line number, Description, Amount. Rows include Compensation of officers, directors, and trustees; Salaries and wages; Repairs and maintenance; etc.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here [] See instructions and:
a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):
(1) \$ [] (2) \$ [] (3) \$ []
b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ []
(2) Additional 3% tax (not more than \$100,000) \$ []
c Income tax on the amount on line 34 35c 0.
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from:
[] Tax rate schedule or [] Schedule D (Form 1041) 36
37 Proxy tax. See instructions 37
38 Alternative minimum tax 38
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies 39 0.

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40a
b Other credits (see instructions) 40b
c General business credit. Attach Form 3800 40c
d Credit for prior year minimum tax (attach Form 8801 or 8827) 40d
e Total credits. Add lines 40a through 40d 40e
41 Subtract line 40e from line 39 41 0.
42 Other taxes. Check if from: [] Form 4255 [] Form 8611 [] Form 8697 [] Form 8866 [] Other (attach schedule) 42
43 Total tax. Add lines 41 and 42 43 0.
44a Payments: A 2010 overpayment credited to 2011 44a 7,893.
b 2011 estimated tax payments 44b 259,036.
c Tax deposited with Form 8868 44c
d Foreign organizations: Tax paid or withheld at source (see instructions) 44d
e Backup withholding (see instructions) 44e
f Credit for small employer health insurance premiums (Attach Form 8941) 44f
g Other credits and payments: [] Form 2439 [] Form 4136 [] Other Total 44g
45 Total payments. Add lines 44a through 44g 45 266,929.
46 Estimated tax penalty (see instructions). Check if Form 2220 is attached [] 46
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 47
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 48 266,929.
49 Enter the amount of line 48 you want: Credited to 2012 estimated tax 266,929 Refunded 49 0.

Part V Statements Regarding Certain Activities and Other Information (see instructions)

1 At any time during the 2011 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here [] SEE STATEMENT 4 Yes No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file. Yes No
3 Enter the amount of tax-exempt interest received or accrued during the tax year \$

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

1 Inventory at beginning of year 1
2 Purchases 2
3 Cost of labor 3
4a Additional section 263A costs 4a
b Other costs (attach schedule) 4b
5 Total. Add lines 1 through 4b 5
6 Inventory at end of year 6
7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 7
8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? Yes No

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
Signature of officer Date EVP, CFO Title
May the IRS discuss this return with the preparer shown below (see instructions)? [x] Yes [] No

Paid Preparer Use Only
Print/Type preparer's name Preparer's signature Date Check [] if self-employed PTIN
WILLIAM E. TURCO, CPA
Firm's name MCGLADREY LLP Firm's EIN 42-0714325
9737 WASHINGTONIAN BLVD., #400
Firm's address GAITHERSBURG MD 20878-7340 Phone no. (301) 296-3600

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instructions)

1. Description of property

| |
|-----|
| (1) |
| (2) |
| (3) |
| (4) |

| 2. Rent received or accrued | | 3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule) |
|---|---|---|
| (a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%) | (b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income) | |
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| Total | 0. | Total 0. |

(c) **Total income.** Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) **0.**
(b) Total deductions. Enter here and on page 1, Part I, line 8, column (B) **0.**

Schedule E - Unrelated Debt-Financed Income (see instructions)

| 1. Description of debt-financed property | 2. Gross income from or allocable to debt-financed property | 3. Deductions directly connected with or allocable to debt-financed property | | |
|--|--|--|---|---|
| | | (a) Straight line depreciation (attach schedule) SEE STATEMENT 5 | (b) Other deductions (attach schedule) SEE STATEMENT 6 | |
| (1) | | | | |
| (2) | | | | |
| (3) M STREET HOLDING LLC | 2,311,438. | 754,351. | 2,322,390. | |
| (4) | | | | |
| 4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule) SEE STATEMENT 7 | 5. Average adjusted basis of or allocable to debt-financed property (attach schedule) SEE STATEMENT 8 | 6. Column 4 divided by column 5 | 7. Gross income reportable (column 2 x column 6) | 8. Allocable deductions (column 6 x total of columns 3(a) and 3(b)) |
| (1) | | % | | |
| (2) | | % | | |
| (3) 20,000,000. | 25,996,172. | 76.93% | 1,778,189. | 2,366,937. |
| (4) | | % | | |
| Totals | | | Enter here and on page 1, Part I, line 7, column (A). 1,778,189. | Enter here and on page 1, Part I, line 7, column (B). 2,366,937. |
| Total dividends-received deductions included in column 8 | | | 0. | |

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

| 1. Name of controlled organization | 2. Employer identification number | Exempt Controlled Organizations | | | |
|------------------------------------|-----------------------------------|---|-------------------------------------|---|--|
| | | 3. Net unrelated income (loss) (see instructions) | 4. Total of specified payments made | 5. Part of column 4 that is included in the controlling organization's gross income | 6. Deductions directly connected with income in column 5 |
| (1) | | | | | |
| (2) | | | | | |
| (3) | | | | | |
| (4) | | | | | |

Nonexempt Controlled Organizations

| 7. Taxable Income | 8. Net unrelated income (loss) (see instructions) | 9. Total of specified payments made | 10. Part of column 9 that is included in the controlling organization's gross income | 11. Deductions directly connected with income in column 10 |
|-------------------|---|-------------------------------------|--|--|
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| Totals | | | Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A). 0. | Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B). 0. |

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization

(see instructions)

| 1. Description of income | 2. Amount of income | 3. Deductions directly connected (attach schedule) | 4. Set-asides (attach schedule) | 5. Total deductions and set-asides (col. 3 plus col. 4) |
|--------------------------|---------------------|--|---------------------------------|---|
| (1) | | | | |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| Totals | 0. | | | 0. |

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income

(see instructions)

| 1. Description of exploited activity | 2. Gross unrelated business income from trade or business | 3. Expenses directly connected with production of unrelated business income | 4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7. | 5. Gross income from activity that is not unrelated business income | 6. Expenses attributable to column 5 | 7. Excess exempt expenses (column 6 minus column 5, but not more than column 4). |
|--------------------------------------|---|---|--|---|--------------------------------------|--|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| Totals | 0. | 0. | | | | 0. |

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

| 1. Name of periodical | 2. Gross advertising income | 3. Direct advertising costs | 4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7. | 5. Circulation income | 6. Readership costs | 7. Excess readership costs (column 6 minus column 5, but not more than column 4). |
|--|-----------------------------|-----------------------------|--|-----------------------|---------------------|---|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| Totals (carry to Part II, line (5)) | 0. | 0. | | | | 0. |

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

| 1. Name of periodical | 2. Gross advertising income | 3. Direct advertising costs | 4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7. | 5. Circulation income | 6. Readership costs | 7. Excess readership costs (column 6 minus column 5, but not more than column 4). |
|------------------------------------|-----------------------------|-----------------------------|--|-----------------------|---------------------|---|
| (1) | | | | | | |
| (2) | | | | | | |
| (3) | | | | | | |
| (4) | | | | | | |
| (5) Totals from Part I | 0. | 0. | | | | 0. |
| Totals, Part II (lines 1-5) | 0. | 0. | | | | 0. |

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

| 1. Name | 2. Title | 3. Percent of time devoted to business | 4. Compensation attributable to unrelated business |
|--|----------|--|--|
| (1) | | % | |
| (2) | | % | |
| (3) | | % | |
| (4) | | % | |
| Total. Enter here and on page 1, Part II, line 14 | | | 0. |

| FORM 990-T | INCOME (LOSS) FROM PARTNERSHIPS | STATEMENT | 1 |
|---|---------------------------------|-----------|---|
| DESCRIPTION | | AMOUNT | |
| PARK STREET CAPITAL PRIVATE EQUITY FUND VII, LP | | -44,094. | |
| PARK STREET CAPITAL PRIVATE EQUITY FUND VIII, LP | | -11,429. | |
| TIFF PRIVATE EQUITY PARTNERS 2006 LLC | | -3,003. | |
| HIGHFIELDS CAPITAL IV LP | | -55,250. | |
| AMBERBROOK V, LLC | | 765. | |
| COMMONFUND CAPITAL VENTURE PARTNERS VIII, L.P. | | -357. | |
| NORTHGATE IV, LP | | -49,370. | |
| COMMONFUND CAPITAL INTERNATIONAL PARTNERS VI LP | | -695. | |
| COMMONFUND CAPITAL VENTURE PARTNERS VII, L.P. | | -65,429. | |
| METROPOLITAN REAL ESTATE PARTNERS GLOBAL II, LP | | 38,355. | |
| OAKTREE PRINCIPAL FUND V, LP | | 4,007. | |
| QUANTUM ENERGY PARTNERS | | -146,808. | |
| SIGULER GUFF DISTRESSED OPPORTUNITIES FUND III VIA ENERGY LP | | 135. | |
| WCP REAL ESTATE FUND II (B) LP | | -90,999. | |
| ROCKLAND POWER PARTNERS | | -71,403. | |
| RESOURCE LAND FUND IV | | -124,990. | |
| ATLAS ENERGY | | -26,772. | |
| OAKTREE PRINCIPAL FUND V AIF | | -447. | |
| GEM REALTY FUND IV LP | | -691. | |
| VIA ENERGY II LP | | -16,141. | |
| WCP REAL ESTATE III | | -50,291. | |
| | | 2,867. | |
| TOTAL TO FORM 990-T, PAGE 1, LINE 5 | | -712,040. | |

| FORM 990-T | OTHER INCOME | STATEMENT | 2 |
|--------------------------------------|--------------|-----------|---|
| DESCRIPTION | | AMOUNT | |
| PARKING GARAGE FEES | | 121,604. | |
| WEBSITE ADVERTISING | | 5,051. | |
| TOTAL TO FORM 990-T, PAGE 1, LINE 12 | | 126,655. | |

FORM 990-T CONTRIBUTIONS STATEMENT 3

| DESCRIPTION/KIND OF PROPERTY | METHOD USED TO DETERMINE FMV | AMOUNT |
|--------------------------------------|------------------------------|------------|
| CONTRIBUTION CARRYOVER | N/A | 2,546,663. |
| TOTAL TO FORM 990-T, PAGE 1, LINE 20 | | 2,546,663. |

FORM 990-T NAME OF FOREIGN COUNTRY IN WHICH ORGANIZATION HAS FINANCIAL INTEREST STATEMENT 4

NAME OF COUNTRY

- BRAZIL
- CHILE
- EGYPT
- GREECE
- INDIA
- INDONESIA
- ISRAEL
- KOREA (SOUTH)
- MALAYSIA
- PHILIPPINES
- POLAND
- CHINA
- THAILAND
- TURKEY

FORM 990-T SCHEDULE E - DEPRECIATION DEDUCTION STATEMENT 5

| DESCRIPTION | ACTIVITY NUMBER | AMOUNT | TOTAL |
|--|-----------------|----------|----------|
| DEPRECIATION | | 754,351. | |
| - SUBTOTAL - | 3 | | 754,351. |
| TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(A) | | | 754,351. |

FORM 990-T SCHEDULE E - OTHER DEDUCTIONS STATEMENT 6

| DESCRIPTION | ACTIVITY NUMBER | AMOUNT | TOTAL |
|--|-----------------|------------|------------|
| INTEREST EXPENSE | | 641,204. | |
| BUILDING OPERATING EXPENSES | | 1,681,186. | |
| - SUBTOTAL - | 3 | | 2,322,390. |
| TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(B) | | | 2,322,390. |

FORM 990-T AVERAGE ACQUISITION DEBT ON OR ALLOCABLE TO DEBT-FINANCED PROPERTY STATEMENT 7

| DESCRIPTION | ACTIVITY NUMBER | AMOUNT | TOTAL |
|---|-----------------|-------------|-------------|
| AVERAGE ACQUISITION DEBT | | 20,000,000. | |
| - SUBTOTAL - | 3 | | 20,000,000. |
| TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 4 | | | 20,000,000. |

