

Exempt Organization Business Income Tax Return

(and proxy tax under section 6033(e))

2012

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

Department of the Treasury
Internal Revenue Service

For calendar year 2012 or other tax year beginning **JUL 1, 2012**, and ending **JUN 30, 2013**

A <input type="checkbox"/> Check box if address changed B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Print or Type	Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) AMERICAN LEGACY FOUNDATION Number, street, and room or suite no. If a P.O. box, see instructions. 1724 MASSACHUSETTS AVENUE, NW City or town, state, and ZIP code WASHINGTON, DC 20036	D Employer identification number (Employees' trust, see instructions.) 91-1956621 E Unrelated business activity codes (See instructions.) 900000 812930
C Book value of all assets at end of year 1,091,727,835.	F Group exemption number (see instructions) ▶ G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> 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
 If "Yes," enter the name and identifying number of the parent corporation. **▶**

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

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales			
b Less returns and allowances c Balance ▶			
2 Cost of goods sold (Schedule A, line 7)			
3 Gross profit. Subtract line 2 from line 1c			
4a Capital gain net income (attach Schedule D)	387,702.		387,702.
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	21,148.		21,148.
c Capital loss deduction for trusts			
5 Income (loss) from partnerships and S corporations (attach statement)	-1,126,588.	STMT 2	-1,126,588.
6 Rent income (Schedule C)			
7 Unrelated debt-financed income (Schedule E)	1,506,833.	2,442,338.	-935,505.
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)			
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10 Exploited exempt activity income (Schedule I)			
11 Advertising income (Schedule J)			
12 Other income (see instructions; attach statement) SEE STATEMENT 3	148,482.		148,482.
13 Total. Combine lines 3 through 12	937,577.	2,442,338.	-1,504,761.

Part II Deductions Not Taken Elsewhere (see instructions for limitations on deductions)
 (except for contributions, deductions must be directly connected with the unrelated business income)

14 Compensation of officers, directors, and trustees (Schedule K)				
15 Salaries and wages				
16 Repairs and maintenance				
17 Bad debts				
18 Interest (attach statement)				
19 Taxes and licenses				4,525.
20 Charitable contributions (see instructions for limitation rules) SEE STATEMENT 4				0.
21 Depreciation (attach Form 4562)	21			
22 Less depreciation claimed on Schedule A and elsewhere on return	22a			
23 Depletion				
24 Contributions to deferred compensation plans				
25 Employee benefit programs				
26 Excess exempt expenses (Schedule I)				
27 Excess readership costs (Schedule J)				
28 Other deductions (attach statement)				
29 Total deductions. Add lines 14 through 28				4,525.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13				-1,509,286.
31 Net operating loss deduction (limited to the amount on line 30) SEE STATEMENT 5				
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30				-1,509,286.
33 Specific deduction (generally \$1,000, but see instructions for exceptions)				1,000.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32				-1,509,286.

Part III Tax Computation

Table with 3 columns: Description, Line Number, Amount. Includes rows for Organizations taxable as corporations (35), Trusts taxable at trust rates (36), Proxy tax (37), Alternative minimum tax (38), and Total (39).

Part IV Tax and Payments

Table with 3 columns: Description, Line Number, Amount. Includes rows for Foreign tax credit (40a-40d), Total credits (40e), Subtract line 40e (41), Other taxes (42), Total tax (43), Payments (44a-44g), Total payments (45), Estimated tax penalty (46), Tax due (47), Overpayment (48), and Credited/Refunded (49).

Part V Statements Regarding Certain Activities and Other Information

Table with 3 columns: Question, Yes, No. Includes questions about foreign accounts, foreign trusts, and tax-exempt interest.

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

Table with 3 columns: Description, Line Number, Amount. Includes rows for Inventory at beginning/end of year, Purchases, Cost of labor, Additional section 263A costs, and Total.

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.

Signature of officer, Date, EVP, CFIO Title, and a box for 'May the IRS discuss this return with the preparer shown below (see instructions)?' with Yes/No options.

Paid Preparer Use Only

Form for paid preparer including fields for name, signature, date, firm name (MCGGLADREY LLP), firm address (9737 WASHINGTONIAN BLVD., #400, GAITHERSBURG MD 20878-7340), firm's EIN (42-0714325), and phone number ((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

(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)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach statement)
(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 6, 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 statement)	(b) Other deductions (attach statement)	
(1) M STREET HOLDING LLC	2,167,482.	SEE STATEMENT 7 888,702.	SEE STATEMENT 8 2,624,442.	
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach statement)	5. Average adjusted basis of or allocable to debt-financed property (attach statement)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 8 x total of columns 3(a) and 3(b))
SEE STATEMENT 9	SEE STATEMENT 10			
(1) 18,659,218.	26,840,111.	69.52%	1,506,833.	2,442,338.
(2)		%		
(3)		%		
(4)		%		
Totals			1,506,833.	2,442,338.
Total dividends-received deductions included in column 8				0.

Enter here and on page 1, Part I, line 7, column (A). 1,506,833. Enter here and on page 1, Part I, line 7, column (B). 2,442,338.

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 statement)	4. Set-asides (attach statement)	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)						
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.

FOOTNOTES

STATEMENT 1

NET OPERATING LOSS DEDUCTION:

NET OPERATING LOSS CARRYOVER 06/30/12 1,198,626.

NOL AVAILABLE THIS YEAR 1,198,626.

FORM 990-T INCOME (LOSS) FROM PARTNERSHIPS STATEMENT 2

<u>DESCRIPTION</u>	<u>AMOUNT</u>
PARK STREET CAPITAL PRIVATE EQUITY FUND VII, LP	-10,357.
PARK STREET CAPITAL PRIVATE EQUITY FUND VIII, LP	-1,785.
TIFF PRIVATE EQUITY PARTNERS 2006 LLC	-9,645.
HIGHFIELDS CAPITAL IV LP	-9,556.
AMBERBROOK V, LLC	36,999.
COMMONFUND CAPITAL VENTURE PARTNERS VIII, L.P.	-977.
NORTHGATE IV, LP	142,402.
COMMONFUND CAPITAL INTERNATIONAL PARTNERS VI LP	165.
COMMONFUND CAPITAL VENTURE PARTNERS VII, L.P.	-2,407.
METROPOLITAN REAL ESTATE PARTNERS GLOBAL II, LP	-52,679.
QUANTUM ENERGY PARTNERS	-14,892.
SIGULER GUFF DISTRESSED OPPORTUNITIES FUND III	1,087.
VIA ENERGY LP	-129,725.
WCP REAL ESTATE FUND II (B) LP	-10,824.
ROCKLAND POWER PARTNERS	-594,059.
RESOURCE LAND FUND IV	31,931.
ATLAS ENERGY	-1,122.
OAKTREE PRINCIPAL FUND V AIF	-1,506.
GEM REALTY FUND IV LP	-8,056.
VIA ENERGY II LP	-241,374.
WCP REAL ESTATE III	-5,876.
THE ENERGY & MINERALS GROUP FUND II	-118,689.
ATLAS RESOURCES	-17.
IRON POINT REAL ESTATE PARTNERS II TE LP	-59,550.
KAYNE ANDERSON MEZZANINE PARTNERS	-68,056.
OCH ZIFF REAL ESTATE PARALLEL FUND	1,980.
TOTAL TO FORM 990-T, PAGE 1, LINE 5	 <u><u>-1,126,588.</u></u>

FORM 990-T	OTHER INCOME	STATEMENT 3
DESCRIPTION	AMOUNT	
PARKING GARAGE FEES	145,865.	
WEBSITE ADVERTISING	2,617.	
TOTAL TO FORM 990-T, PAGE 1, LINE 12	148,482.	

FORM 990-T		CONTRIBUTIONS	STATEMENT 4
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 NET OPERATING LOSS DEDUCTION STATEMENT 5

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR
06/30/12	1,198,626.	0.	1,198,626.	1,198,626.
NOL CARRYOVER AVAILABLE THIS YEAR			1,198,626.	1,198,626.

FORM 990-T

NAME OF FOREIGN COUNTRY IN WHICH
ORGANIZATION HAS FINANCIAL INTEREST

STATEMENT 6

NAME OF COUNTRY

- CHILE
- EGYPT
- COLOMBIA
- INDIA
- INDONESIA
- KOREA (SOUTH)
- MALAYSIA
- PHILIPPINES
- CHINA
- THAILAND
- TURKEY
- UNITED ARAB EMIRATES

FORM 990-T SCHEDULE E - DEPRECIATION DEDUCTION STATEMENT 7

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
DEPRECIATION		888,702.	
- SUBTOTAL -	1		888,702.
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(A)			888,702.

FORM 990-T

SCHEDULE E - OTHER DEDUCTIONS

STATEMENT 8

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
INTEREST EXPENSE		557,018.	
BUILDING OPERATING EXPENSES		2,067,424.	
- SUBTOTAL -	1		2,624,442.
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 3(B)			2,624,442.

FORM 990-T AVERAGE ACQUISITION DEBT ON OR STATEMENT 9
 ALLOCABLE TO DEBT-FINANCED PROPERTY

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
AVERAGE ACQUISITION DEBT		18,659,218.	
- SUBTOTAL -	1		18,659,218.
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 4			18,659,218.

FORM 990-T

AVERAGE ADJUSTED BASIS OF OR
ALLOCABLE TO DEBT-FINANCED PROPERTY

STATEMENT 10

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
AVERAGE ADJUSTED BASIS	1	26,840,111.	26,840,111.
- SUBTOTAL -	1		26,840,111.
TOTAL OF FORM 990-T, SCHEDULE E, COLUMN 5			26,840,111.

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.
▶ Information about Schedule D (Form 1120) and its separate instructions is at www.irs.gov/form1120.

2012

Name **AMERICAN LEGACY FOUNDATION** Employer identification number **91-1956621**

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

Complete Form 8949 before completing line 1, 2, or 3. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price) from Form(s) 8949, Part I, line 2, column (d)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I				
2 Short-term totals from all Forms 8949 with box B checked in Part I				7,725.
3 Short-term totals from all Forms 8949 with box C checked in Part I				
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37			4	
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824			5	
6 Unused capital loss carryover (attach computation)			6	()
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column h			7	7,725.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

Complete Form 8949 before completing line 8, 9, or 10. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price) from Form(s) 8949, Part II, line 4, column (d)	(e) Cost or other basis from Form(s) 8949, Part II, line 4, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 4, column (g)	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
8 Long-term totals from all Forms 8949 with box A checked in Part II				
9 Long-term totals from all Forms 8949 with box B checked in Part II				118,724.
10 Long-term totals from all Forms 8949 with box C checked in Part II				
11 Enter gain from Form 4797, line 7 or 9			11	261,253.
12 Long-term capital gain from installment sales from Form 6252, line 26 or 37			12	
13 Long-term capital gain or (loss) from like-kind exchanges from Form 8824			13	
14 Capital gain distributions			14	
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column h			15	379,977.

Part III Summary of Parts I and II

16 Enter excess of net short-term capital gain (line 7) over net long-term capital loss (line 15)	16	7,725.
17 Net capital gain. Enter excess of net long-term capital gain (line 15) over net short-term capital loss (line 7)	17	379,977.
18 Add lines 16 and 17. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns	18	387,702.

Note. If losses exceed gains, see **Capital losses** in the instructions.

Name(s) shown on return. (Name and SSN or taxpayer identification no. not required if shown on other side.)

Social security number or taxpayer identification no.

AMERICAN LEGACY FOUNDATION

91-1956621

Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.

Part II Long-Term. Transactions involving capital assets you held more than one year are long term. For short-term transactions, see page 1.

You must check Box A, B, or C below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- Box A: Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS
Box B: Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS
Box C: Long-term transactions not reported to you on Form 1099-B

Table with 7 columns: (a) Description of property, (b) Date acquired, (c) Date sold or disposed, (d) Proceeds (sales price), (e) Cost or other basis, (f) Adjustment code, (g) Adjustment amount, (h) Gain or loss. Includes rows for 'FORM 6781 PART I' and 'ENTITIES' with various gain amounts.

4 Totals. Add the amounts in columns (d), (e), (g) and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 8 (if Box A above is checked), line 9 (if Box B above is checked), or line 10 (if Box C above is checked) ▶

118,724.

Note. If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.