

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

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990PF for instructions and the latest information.

For calendar year 2018 or tax year beginning , 2018, and ending , 20

Name of foundation
THE POTOMAC FOUNDATION

Number and street (or P.O. box number if mail is not delivered to street address) Room/suite
P.O. BOX 1350

City or town, state or province, country, and ZIP or foreign postal code
GREAT FALLS VA 22066

G Check all that apply: Initial return Initial return of a former public charity
 Final return Amended return
 Address change Name change

H Check type of organization: Section 501(c)(3) exempt private foundation **03**
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ **17,273.**

J Accounting method: Cash Accrual
 Other (specify) _____ (Part I, column (d) must be on cash basis.)

A Employer identification number
54-1468870

B Telephone number (see instructions)
(703)506-1790

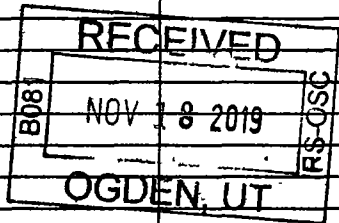
C If exemption application is pending, check here

D 1. Foreign organizations, check here . . . ▶
2. Foreign organizations meeting the 85% test, check here and attach computation . . . ▶

E If private foundation status was terminated under section 507(b)(1)(A), check here . . . ▶

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)	25,000.			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	3,563.			
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
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		28,563.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)	7,920.	3,723.	0.	4,197.
	b Accounting fees (attach schedule) L-16b Stmt	32,358.	3,236.	0.	29,122.
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions)				
	19 Depreciation (attach schedule) and depletion L-19 Stmt				
	20 Occupancy	186,473.	37,295.	0.	149,178.
	21 Travel, conferences, and meetings	24,708.	2,471.	0.	22,237.
	22 Printing and publications				
	23 Other expenses (attach schedule) See Stmt	298,740.	30,306.	0.	268,434.
	24 Total operating and administrative expenses. Add lines 13 through 23	550,199.	77,031.	0.	473,168.
	25 Contributions, gifts, grants paid				
26 Total expenses and disbursements. Add lines 24 and 25	550,199.	77,031.	0.	473,168.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-521,636.				
b Net investment income (if negative, enter -0-)		0.			
c Adjusted net income (if negative, enter -0-)			0.		



g.23 15

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	124,152.	12,647.	12,647.
	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) ▶ Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	0.		
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶ 0. Less: accumulated depreciation (attach schedule) ▶ 0.	320,131.	0.	0.
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶ <u>L-15 Stmt</u>)	4,626.	4,626.	4,626.	
16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	448,909.	17,273.	17,273.	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons	210,000.	300,000.	
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)	210,000.	300,000.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 24 through 26, and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds	238,909.	-282,727.		
30 Total net assets or fund balances (see instructions)	238,909.	-282,727.		
31 Total liabilities and net assets/fund balances (see instructions)	448,909.	17,273.		

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	238,909.
2 Enter amount from Part I, line 27a		2	-521,636.
3 Other increases not included in line 2 (itemize) ▶		3	
4 Add lines 1, 2, and 3		4	-282,727.
5 Decreases not included in line 2 (itemize) ▶		5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30		6	-282,727.

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				
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) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(j) FMV as of 12/31/69	(k) Adjusted basis as of 12/31/69	(l) Excess of col. (j) over col. (k), if any		
a				
b				
c				
d				
e				
2	Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). See instructions. If (loss), enter -0- in Part I, line 8			3

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If "Yes," the foundation 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))
2017	180,264.	124,986.	1.442274
2016	609,683.	472,825.	1.289447
2015	973,555.	1,110,018.	0.877062
2014	813,545.	1,842,522.	0.441539
2013	892,073.	3,358,869.	0.265587
2	Total of line 1, column (d)		4.315909
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		0.863182
4	Enter the net value of noncharitable-use assets for 2018 from Part X, line 5		0.
5	Multiply line 4 by line 3		0.
6	Enter 1% of net investment income (1% of Part I, line 27b)		0.
7	Add lines 5 and 6		0.
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.		473,168.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: <u>12/31/1996</u> (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	0.	
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	0.	
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	0.	
6	Credits/Payments:			
a	2018 estimated tax payments and 2017 overpayment credited to 2018	6a		
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c	0.	
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	0.	
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0.	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	0.	
11	Enter the amount of line 10 to be: Credited to 2019 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
1c		X
2		X
3		X
4a		X
4b		X
5		X
6	X	
7	X	
8a		
8b	X	
9	X	
10		X

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 Yes No 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 12 Yes No X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address www.thepotomacfoundation.ORG 13 X
14 The books are in care of THE FOUNDATION Telephone no. (703) 506-1790 Located at 106 N. LEE ST, STE 200 ALEXANDRIA VA ZIP+4 22314
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 2018, 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? 16 Yes No X
See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country

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):
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? Yes No X
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes No X
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes No X
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes No X
(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 X
(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 X
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 1b X
Organizations relying on a current notice regarding disaster assistance, check here
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 2018? 1c X
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 2018, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2018? Yes No X
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 X
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 X
b If "Yes," did it have excess business holdings in 2018 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 2018.) 3b X
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 4a 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 2018? 4b X

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:		Yes	No
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance? See instructions	5b		X
Organizations relying on a current notice regarding disaster assistance, check here <input type="checkbox"/>			
c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
If "Yes," attach the statement required by Regulations section 53.4945–5(d).			
6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	6b		X
If "Yes" to 6b, file Form 8870.			
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	7b		
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? <input type="checkbox"/> Yes <input type="checkbox"/> 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
SEE STATEMENT ATTACHED	AS NEEDED			
NO COMPENSATION VIENNA VA 22182	8.00	0.	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 ▶ 0

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 THE FOUNDATION HOSTED A SERIES OF MEETINGS AND SEMINARS TO DISCUSS DEFENSE ISSUES AND FOREIGN POLICY TOPICS WITH VARIOUS GUESTS AND EXPERTS.	252,043.
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	
2	
3 All other program-related investments. See instructions.	
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	
b	Average of monthly cash balances	1b	
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	
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	0.
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	0.
6	Minimum investment return. Enter 5% of line 5	6	0.

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	
2a	Tax on investment income for 2018 from Part VI, line 5	2a	
b	Income tax for 2018. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
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	

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	473,168.
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	473,168.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	473,168.

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 2017	(c) 2017	(d) 2018
1 Distributable amount for 2018 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 2018:				
a Enter amount for 2017 only				
b Total for prior years: 20__, 20__, 20__				
3 Excess distributions carryover, if any, to 2018:				
a From 2013	892,073.			
b From 2014	813,545.			
c From 2015	973,555.			
d From 2016	609,683.			
e From 2017	180,264.			
f Total of lines 3a through e	3,469,120.			
4 Qualifying distributions for 2018 from Part XII, line 4: ► \$ 473,168.				
a Applied to 2017, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2018 distributable amount				
e Remaining amount distributed out of corpus	473,168.			
5 Excess distributions carryover applied to 2018 (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	3,942,288.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
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		0.		
e Undistributed income for 2017. Subtract line 4a from line 2a. Taxable amount—see instructions			0.	
f Undistributed income for 2018. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2019				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 2013 not applied on line 5 or line 7 (see instructions)	892,073.			
9 Excess distributions carryover to 2019. Subtract lines 7 and 8 from line 6a	3,050,215.			
10 Analysis of line 9:				
a Excess from 2014	813,545.			
b Excess from 2015	973,555.			
c Excess from 2016	609,683.			
d Excess from 2017	180,264.			
e Excess from 2018	473,168.			

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 2018, enter the date of the ruling ▶ 12/31/1996
- b Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year				(e) Total
	(a) 2018	(b) 2017	(c) 2016	(d) 2015	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	0.	0.	23,641.	55,501.	79,142.
b 85% of line 2a	0.	0.	20,095.	47,176.	67,271.
c Qualifying distributions from Part XII, line 4 for each year listed	473,168.	180,264.	609,683.	973,555.	2,236,670.
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	473,168.	180,264.	609,683.	973,555.	2,236,670.
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets	1				1
(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 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).)
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., 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:

See Supplementary Information Statement
 - 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>				
Total				3a
b <i>Approved for future payment</i> NONE				
Total				3b <u>0.</u>

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include Program service revenue, Membership dues and assessments, Interest on savings and temporary cash investments, Dividends and interest from securities, Net rental income or (loss) from real estate, Net rental income or (loss) from personal property, Other investment income, Gain or (loss) from sales of assets other than inventory, Net income or (loss) from special events, Gross profit or (loss) from sales of inventory, Other revenue, Subtotal, and Total.

(See worksheet in line 13 instructions to verify calculations.)

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

Table with 2 columns: Line No., Explain below how each activity for which income is reported in column (c) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes. Row 4: PROVIDES WORKING CAPITAL FOR PROGRAM EXPENSES.

Part XVII Information Regarding Transfers to and Transactions and Relationships With Noncharitable Exempt Organizations

Table with 3 columns: Question, Yes, No. Rows include: 1 Did the organization directly or indirectly engage in any of the following... a Transfers from the reporting foundation... b Other transactions... c Sharing of facilities... d If the answer to any of the above is "Yes," complete the following schedule.

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Multiple empty rows.

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 [X] No

b If "Yes," complete the following schedule.

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Multiple empty rows.

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 or trustee: Joseph V. Bladdock, Date: 12/10/19, Title: EXECUTIVE DIRECTOR

May the IRS discuss this return with the preparer shown below? See instructions [] Yes [] No

Paid Preparer Use Only Preparer's name: JOHN W. HOLSINGER, Preparer's signature, Date: 11/08/2019, Check self-employed, PTIN: P00097029, Firm's name: JOHN W. HOLSINGER, P.C., Firm's EIN: 54-1433972, Firm's address: 106 North Lee Street Suite 200, Phone no.: (703) 679-7590

Form 990-PF: Return of Private Foundation

Part XV, Line 2: Supplementary Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc. Continuation Statement

Name and Address Information	Form Information	Submission Information	Restrictions
N/A	N/A	N/A	N/A

Name THE POTOMAC FOUNDATION	Employer Identification No. 54-1468870
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Line 16a - Legal Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Total to Form 990-PF, Part I, Line 16a					

Line 16b - Accounting Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
JOHN W. KOLSINGER P.C.	ACCOUNTING	32,358.	3,236.	0.	29,122.
Total to Form 990-PF, Part I, Line 16b		32,358.	3,236.	0.	29,122.

Line 16c - Other Professional Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Total to Form 990-PF, Part I, Line 16c					

Name THE POTOMAC FOUNDATION	Employer Identification No. 54-1468870
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Line 15 - Other Assets:	Beginning Year Book Value	End of Year	
		Book Value	Fair Market Value
DEPOSITS	4,626.	4,626.	4,626.
Totals to Form 990-PF, Part II, line 15	4,626.	4,626.	4,626.

Line 22 - Other Liabilities:	Beginning Year Book Value	Ending Year Book Value
Totals to Form 990-PF, Part II, line 22		

POTOMAC FOUNDATION**EIN 54-1468870****TAX RETURN FORM 990-PF FOR DECEMBER 31, 2018****ALLOCATION OF OPERATING EXPENSES**

	<u>REVENUE AND EXPENSE</u>	<u>NET INVESTMENT INCOME</u>	<u>DISB. FOR CHARITABLE PURPOSES</u>
OTHER EMPLOYEE SALARIES AND WAGES	0	0	0
PENSION PLANS, EMPLOYEE BENEFITS	0	0	0
LEGAL FEES	7,921	3,723	4,198
ACCOUNTING FEES	32,358	3,236	29,122
OTHER PROFESSIONAL FEES	0	0	0
INTEREST EXPENSE	0	0	0
TAXES	0	0	0
DEPRECIATION	0	0	0
OCCUPANCY	186,473	37,295	149,178
TRAVEL, CONFERENCES AND MEETINGS	24,707	2,471	22,237
PRINTING & PUBLICATIONS	0	0	0
OFFICE MANAGER	5,190	519	4,671
TAX PREPARATION	12,300	6,150	6,150
LIBRARY	0	0	0
COMPUTER ACCESSORIES	0	0	0
COMPUTER SOFTWARE	4,786	479	4,307
CASUAL LABOR	0	0	0
DUES & SUBSCRIPTIONS	3,178	318	2,860
LIASON	0	0	0
MISCELLANEOUS	0	0	0
	<u>276,913</u>	<u>54,191</u>	<u>222,723</u>

POTOMAC FOUNDATION**E.I.N. 54-1468870****SCHEDULE OF INFORMATION FORM 990-PF FOR DECEMBER 31, 2018****PART I, LINE 23, OTHER EXPENSES:**

	<u>REVENUE AND EXPENSE</u>	<u>NET INVESTMENT INCOME</u>	<u>DISB. FOR CHARITABLE PURPOSES</u>
CUSTODIAL FEES	525	\$ 525	\$ -
OFFICE EXPENSES	19,685	10,827	8,858
OFFICE SUPPLIES	0	0	0
OFFICE MANAGER	5,190	519	4,671
CONTRIBUTIONS	0	0	0
COMPUTER ACCESSORIES	0	0	0
COMPUTER SOFTWARE	4,786	479	4,307
CASUAL LABOR	0	0	0
DUES & SUBSCRIPTIONS	3,178	318	2,860
GIFTS	0	0	0
INSURANCE	1,939	969	970
TAX PREPARATION	12,300	6,150	6,150
LIBRARY	0	0	0
MARKETING & PROPOSALS	0	0	0
MEALS & ENTERTAINMENT	0	0	0
EQUIPMENT RENTAL	0	0	0
LIASON	0	0	0
MISCELLANEOUS	65	0	65
TELEPHONE & INTERNET	17,144	8,572	8,572
WEBSITE	3,895	1,947	1,948
	<u>\$ 68,707</u>	<u>\$ 30,306</u>	<u>\$ 38,401</u>

POTOMAC FOUNDATION**EIN 54-1468870****TAX RETURN FORM 990-PF FOR DECEMBER 31, 2018****PART I, OPERATING AND ADMINISTRATIVE EXPENSES****ALLOCATION OF OPERATING EXPENSES**

	<u>REVENUE AND EXPENSE</u>	<u>NET INVESTMENT INCOME</u>	<u>DISB. FOR CHARITABLE PURPOSES</u>
OTHER EMPLOYEE SALARIES AND WAGES	\$ -	\$ -	\$ -
PENSION PLANS, EMPLOYEE BENEFITS	0	0	0
LEGAL FEES	7,921	3,723	4,198
ACCOUNTING FEES	32,358	3,236	29,122
OTHER PROFESSIONAL FEES	0	0	0
GIFTS	0	0	0
INTEREST	0	0	0
TAXES & LICENSES	0	0	0
DEPRECIATION	0	0	0
OCCUPANCY	186,473	37,295	149,178
CASUAL LABOR	0	0	0
TRAVEL, CONFERENCES AND MEETINGS	24,708	2,471	22,237
PRINTING & PUBLICATIONS	0	0	0
CONTRIBUTIONS	0	0	0
DUES & SUBSCRIPTIONS	3,178	318	2,860
LIBRARY	0	0	0
LIASON	0	0	0
MISCELLANEOUS	65	0	65
TAX PREPARATION	12,300	6,150	6,150
CUSTODIAL FEES	525	525	0
COMPUTER ACCESSORIES	0	0	0
COMPUTER SOFTWARE	4,786	479	4,307
OFFICE MANAGER	5,190	519	4,671
OFFICE EXPENSES	19,685	10,827	8,858
OFFICE SUPPLIES	0	0	0
INSURANCE	1,939	969	970
PROGRAM G& A EXPENSES	63,011	0	63,011
MARKETING & PROPOSALS	0	0	0
MEALS & ENTERTAINMENT	0	0	0
EQUIPMENT RENTAL	0	0	0
TELEPHONE & INTERNET	17,144	8,572	8,572
WEBSITE	3,895	1,947	1,948
	<u>\$ 383,177</u>	<u>\$ 77,031</u>	<u>\$ 306,146</u>

THE POTOMAC FOUNDATION
E.I.N. 54-1468870
SCHEDULE OF INFORMATION FOR 2018
FORM 990-PF

PART I AND PART IX-A STATEMENT ON ALLOCATION OF OPERATING AND ADMINISTRATIVE EXPENSES:

OPERATING AND ADMINISTRATIVE EXPENSES IN PART I AND PART IX-A WERE ALLOCATED BETWEEN DISBURSEMENTS FOR CHARITABLE PURPOSES AND INVESTMENT ACTIVITIES, ON THE BASIS OF ACTUAL TIME SPENT ON INVESTMENTS AS A PERCENTAGE OF ACTUAL TIME SPENT ON ADMINISTRATION; THE BALANCE OF EACH EXPENSE WAS CHARGED TO CHARITABLE PURPOSES. THE EXCEPTIONS ARE INVESTMENT ADVISOR EXPENSES WHICH WERE INCLUDED ONLY IN COLUMN (B) PAGE 1 PART I. CERTAIN OPERATING AND ADMINISTRATIVE EXPENSES WERE IDENTIFIED AS SPECIFIC TO INVESTMENT OR CHARITABLE PURPOSES, THESE EXPENSES WERE CHARGED DIRECTLY TO THE ACTIVITY THEY RELATED TO. EXAMPLES OF THESE ARE ACCOUNTING FEES; OTHER PROFESSIONAL FEES; TRAVEL, CONFERENCES, AND MEETINGS; PRINTING AND POSTAGE AND OFFICE EXPENSES. THE BALANCE IN THESE CATEGORIES WERE ALLOCATED AS MENTIONED IN THE FIRST SENTENCE. OPERATING AND ADMINISTRATIVE EXPENSES REPORTED IN PART IX-A, AND THE THREE OTHER DIRECT CHARITABLE ACTIVITIES NOT REPORTED IN PART IX-A, WERE ALLOCATED BASED ON THE RATIO OF DIRECT TIME SPENT ON PROJECT TO TOTAL TIME SPENT EXCLUDING ADMINISTRATIVE AND INVESTMENT TIME.

THE ABOVE ALLOCATION OF EXPENSES, BETWEEN INVESTMENT AND CHARITABLE PURPOSES, WAS ESTABLISHED BY THE FOUNDATION AND AGREED TO BY THE INTERNAL REVENUE SERVICE, DURING THE INTERNAL REVENUE SERVICE AUDIT OF THE POTOMAC FOUNDATION IN MAY AND JUNE OF 1991.

THE POTOMAC FOUNDATION
F.I.N. 54-1468870
SCHEDULE OF INFORMATION FOR 2018
FORM 990-PF

PART VII LINE 15 GRANT RECEIVED

2012

GRANTS RECEIVED FOR \$96,250 FROM THE SMITH RICHARDSON FOUNDATION, 60 JESUP ROAD, WESTPORT, CT 06880.

2003

GRANTS RECEIVED FOR \$75,000 FROM THE SMITH RICHARDSON FOUNDATION, 60 JESUP ROAD, WESTPORT, CT 06880.

1994

GRANTS FROM SOROS/OPEN SOCIETY FUND, IN THE AMOUNT OF \$100,000 AND \$104,000 WERE MADE ON FEBRUARY 2, 1994 AND JUNE 21, 1994. THE ADDRESS FOR THE SOROS/OPEN SOCIETY FUND IS 888 SEVENTH AVENUE, NEW YORK, NY 10106.

1993

GRANTS FROM SOROS/OPEN SOCIETY FUND, IN THE AMOUNT OF \$80,000 AND \$20,000 WERE MADE ON SEPTEMBER 28, 1993 AND NOVEMBER 30, 1993, THUS BECOMING A SUBSTANTIAL CONTRIBUTOR. THE ADDRESS FOR THE SOROS/OPEN SOCIETY FUND IS 888 SEVENTH AVENUE, NEW YORK, NY 10106.

1992

GRANT FROM SMITH RICHARDSON FOUNDATION, INC., IN THE AMOUNT OF \$71,500.00 WAS MADE ON DECEMBER 14, 1992. THE ADDRESS FOR SMITH RICHARDSON FOUNDATION, INC., IS 230 NORTH ELM STREET, SUITE 1000, P.O. BOX 29467, GREENSBORO, NC 27429.

1991

GRANT FROM SMITH RICHARDSON FOUNDATION, INC., IN THE AMOUNT OF \$71,500.00 WAS MADE ON NOVEMBER 7, 1991, THUS BECOMING A SUBSTANTIAL CONTRIBUTOR. THE ADDRESS FOR SMITH RICHARDSON FOUNDATION, INC., IS 230 NORTH ELM STREET, SUITE 1000, P.O. BOX 29467, GREENSBORO, NC 27429.

1989

CONTRIBUTION FROM BOEING COMPANY, IN THE AMOUNT OF \$25,000.00 WAS MADE ON FEBRUARY 15, 1989 TO DEFRAY THE COST ON DEFENSE ECONOMICS IN THE 1990'S, THUS BECOMING A SUBSTANTIAL CONTRIBUTOR. THE ADDRESS FOR BOEING COMPANY IS POST OFFICE BOX 3999, SEATTLE, WASHINGTON 98124-2499.

THE POTOMAC FOUNDATION
E.I.N. 54-1468870
SCHEDULE OF INFORMATION FOR 2018
FORM 990-PF

PART VIII LINE 1 OFFICER AND DIRECTORS

COMPENSATION/

	<u>TITLE</u> <u>HR WORK</u>	<u>EXPENSE</u> <u>ACCOUNT</u>	<u>EMPLOYEE</u> <u>BENEFIT</u>
MR. F.N. HOFER 8022 ROCKINGHAM RD. WARRENTON, VA 20186	SEC./TREAS 2.7 HRS/WEEK	-0-	-0-
DR. JOSEPH BRADDOCK 1101 ST. STEPHENS ROAD ALEXANDRIA, VA 22304	DIRECTOR 6.2 HRS/WEEK	-0-	-0-
DANIEL J. MCDONALD MOUNTAIN VIEW, CA	DIRECTOR 1.0 HRS/WEEK	-0-	-0-
PATRICK HOFER ARLINGTON, VA	DIRECTOR 1.0 HRS/WEEK	-0-	-0-
J. ANTHONY BRADDOCK NEW YORK, NY	DIRECTOR 1.0 HRS/WEEK	-0-	-0-