

Form **990-EZ**

Short Form Return of Organization Exempt From Income Tax

OMB No. 1545-1150

2008

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 at the end of the year may use this form.

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2008 calendar year, or tax year beginning , 2008, and ending , 20

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input checked="" type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization Small Wars Foundation a.k.a. Small Wars Journal Number and street (or P.O. box, if mail is not delivered to street address) Room/suite 4938 Hampden Lane #560 City or town, state or country, and ZIP + 4 Bethesda, MD 20814	D Employer identification number 26 1929457 E Telephone number (202) 380-6329 F Group Exemption Number . . . ▶
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• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Accounting method: Cash Accrual
Other (specify) ▶

I Website: ▶ smallwars.org / smallwarsjournal.com

H Check ▶ if the organization is **not** required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

J Organization type (check only one) — 501(c) (3) ◀ (insert no.) 4947(a)(1) or 527

K Check ▶ if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally **not** more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$1,000,000 or more, file Form 990 instead of Form 990-EZ ▶ \$

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I.)

Revenue	1 Contributions, gifts, grants, and similar amounts received	1	1695
	2 Program service revenue including government fees and contracts	2	1553
	3 Membership dues and assessments	3	
	4 Investment income	4	8
	5a Gross amount from sale of assets other than inventory	5a	
	b Less: cost or other basis and sales expenses	5b	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) (attach schedule)	5c	
	6 Special events and activities (complete applicable parts of Schedule G). If any amount is from gaming, check here ▶ <input type="checkbox"/>		
	a Gross revenue (not including \$ _____ of contributions reported on line 1)	6a	
	b Less: direct expenses other than fundraising expenses	6b	
c Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c		
7a Gross sales of inventory, less returns and allowances	7a		
b Less: cost of goods sold	7b		
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		
8 Other revenue (describe ▶ _____)	8		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8. ▶	9	3256	
Expenses	10 Grants and similar amounts paid (attach schedule)	10	
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	
	13 Professional fees and other payments to independent contractors	13	
	14 Occupancy, rent, utilities, and maintenance	14	
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe ▶ SEE STATEMENT 1)	16	6767
17 Total expenses. Add lines 10 through 16 ▶	17	6767	
Net Assets	18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	-3511
	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	0
	20 Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 2	20	13700
	21 Net assets or fund balances at end of year. Combine lines 18 through 20 ▶	21	10189

Part II Balance Sheets. If Total assets on line 25, column (B) are \$2,500,000 or more, file Form 990 instead of Form 990-EZ.

(See the instructions for Part II.)

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	0 22	373
23 Land and buildings	0 23	0
24 Other assets (describe ▶ <u>smallwarsjournal.com & intellectual property</u>)	0 24	13700
25 Total assets	0 25	14073
26 Total liabilities (describe ▶ <u>SEE STATEMENT 3</u>)	0 26	3884
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	0 27	10189

Part V Other Information (Note the statement requirements in the instructions for Part VI.)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		✓
34	Were any changes made to the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		✓
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T.		
a	Did the organization have unrelated business gross income of \$1,000 or more or section 6033(e) notice, reporting, and proxy tax requirements?		✓
b	If "Yes," has it filed a tax return on Form 990-T for this year?		
36	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," complete applicable parts of Schedule N		✓
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a 0		
b	Did the organization file Form 1120-POL for this year?		✓
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still unpaid at the start of the period covered by this return?		✓
b	If "Yes," complete Schedule L, Part II and enter the total amount involved	38b	
39	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9	39a	
b	Gross receipts, included on line 9, for public use of club facilities	39b	
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b	Section 501(c)(3) and (4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," complete Schedule L, Part I	40b	✓
c	Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶		
d	Enter amount of tax on line 40c reimbursed by the organization ▶		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T.	40e	✓
41	List the states with which a copy of this return is filed. ▶		
42a	The books are in care of ▶ <u>William S Nagle</u> Telephone no. ▶ (<u>202</u>) <u>380-6329</u> Located at ▶ <u>4938 Hampden Ln #560, Bethesda, MD</u> ZIP + 4 ▶ <u>20814</u>		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts .	42b	✓
c	At any time during the calendar year, did the organization maintain an office outside of the U.S.? If "Yes," enter the name of the foreign country: ▶ _____	42c	✓
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43		
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ	44	✓
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ	45	✓

Part VI Section 501(c)(3) organizations only. All section 501(c)(3) organizations must answer questions 46-49 and complete the tables for lines 50 and 51.

- | | | Yes | No |
|--|------------|--------------------------|-------------------------------------|
| 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I | 46 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II | 47 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 48 Is the organization operating a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E | 48 | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 49a Did the organization make any transfers to an exempt non-charitable related organization? | 49a | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b If "Yes," was the related organization(s) a section 527 organization? | 49b | <input type="checkbox"/> | <input type="checkbox"/> |
- 50** Complete this table for the five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
None				
Total number of other employees paid over \$100,000 ▶				

51 Complete this table for the five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
None		
Total number of other independent contractors each receiving over \$100,000 . . ▶		

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 officer) is based on all information of which preparer has any knowledge.

Sign Here ▶ | **8/9/2009**
 Signature of officer Date
William S Nagle, Director & President
 Type or print name and title.

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's Identifying Number (See instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶	EIN ▶	Phone no. ▶ ()	

May the IRS discuss this return with the preparer shown above? See instructions ▶ Yes No

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")					1695	1695
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1-3					1695	1695
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4					1695	1695
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources					8	8
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						1703
12 Gross receipts from related activities, etc. (see instructions)					12	1553
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input checked="" type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	%
16a 33 1/3 % support test—2008. If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3 % support test—2007. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2008. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2007. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶		<input type="checkbox"/>

FORM 990-EZ – GENERAL EXPLANATION ATTACHMENT

Item K – Although gross receipts for 2008 are less than \$25,000, the organization anticipates gross receipts in 2009 and later will normally be more than \$25,000 and therefore is filing a complete Form 990-EZ for 2008.

STATEMENT 1

Form 990-EZ, Part I, Item 16 – Other Expenses

Licenses & Fees	875
Bank Charges	48
Office, Travel, & Meetings	404
Utilities (Telephone and Internet)	1330
Website Hosting and Software	1610
Website Purchase	2500
Total	6767

STATEMENT 2

Form 990-EZ, Part I, Item 20 – Other Changes in Net Assets

As fully described in Small Wars Foundation's Form 1023 filing, Small Wars Foundation purchased the established websites smallwarsjournal.com and smallwars.org with their related intellectual property from Small Wars Journal, LLC during 2008. The purchase was valued at \$13,700. The assets are recognized on Small Wars Foundation's balance sheet using that net valuation as a conservative fair market value, reflecting the cash price of \$2,500 plus \$11,200 of goodwill / assets contributed in excess of purchase price.

STATEMENT 3

Form 990-EZ, Part II, Item 26 – Total Liabilities

As of December 31, 2008, Small Wars Foundation had Accounts Payable to Small Wars Journal, LLC of \$3,884. This amount consists of \$2,500 due for the purchase of the websites and intellectual property, and \$1,384 in net cash accruals for direct site operations income and expenses pending the transition of site operations accounts, per the Contract of Sale and Transition of Operations Agreement for Small Wars Journal of April 10, 2008. The terms of the agreement allow for payments to be deferred until October 1, 2009.

STATEMENT 4

Form 990-EZ, Part III, Item 28 – Program Service Accomplishments

Small Wars Foundation (SWF) operates the website smallwarsjournal.com for educational purposes to provide the community of small wars practitioners, thought leaders, and students of small wars a venue to advance knowledge and capabilities in the field. SWF provides the capabilities to sustain and expand the site and further deliver to its potential to serve the community, while providing for the assets to be permanently dedicated to exempt purposes in the spirit in which the site was established and initially operated by Small Wars Journal, LLC.

SWF formed in January, 2008 to explore support from grant-making organizations and other sources of charitable and public support. On the strength of a substantial grant approved and contingent only upon federal recognition of exemption, SWF acquired the website smallwarsjournal.com from Small Wars Journal, LLC and assumed responsibility for site operations on June 1, 2009. SWF's 501(c)(3) exemption was granted on December 31, 2008, which will allow the grant to execute in 2009 and SWF to make significant progress pursuant to the exempt purposes.

smallwarsjournal.com serves about 50,000 unique visitors per month. The site includes the professional journal Small Wars Journal, short opinion, commentary and news on the SWJ Blog, a spirited professional dialog on the discussion board Small Wars Council, and various other research, reference, and events sections with items of interest to the professional community.

Program Service Expenses – \$6767

STATEMENT 5 – Part IV

Form 990-EZ, Part IV – List of Officers, Directors, Trustees, and Key Employees

William S Nagle, 4938 Hampden Lane #560, Bethesda, MD 20814
Averages 24 hours per week as Director and President, Small Wars Foundation, and Publisher, Small Wars Journal. \$0 compensation, \$0 contributions to benefit plans and deferred compensation, \$0 expense account and allowances.

David P Dilege, 4938 Hampden Lane #560, Bethesda, MD 20814
Averages 30 hours per week as Director and Vice President, Small Wars Foundation, and Editor-in-Chief, Small Wars Journal. \$0 compensation, \$0 contributions to benefit plans and deferred compensation, \$0 expense account and allowances.

Directors have been supplied with blackberries for business purposes. Any personal usage is infrequent and not a substantial part of usage; therefore is not considered a taxable or non-taxable benefit. No value has been assigned to these devices in this schedule.