

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

Department of the Treasury
Internal Revenue Service

Note The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year **2008**, or tax year beginning _____, and ending _____

G Check all that apply Initial return Final return Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation Aequus Institute		A Employer identification number 52-1620982
	Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions) 800-441-1963
	P O. Box 3485		
	City or town, state, and ZIP code Elmira NY 14905		C If exemption application is pending, check here <input type="checkbox"/>
	H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
	I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 3,210,177	J Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ <i>(Part I, column (d) must be on cash basis)</i>	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))</i>	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule)	355			
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	4,769	4,769	4,769	
4 Dividends and interest from securities	113,031	113,031	113,031	
5 a Gross rents				
b Net rental income or (loss)				
6 a Net gain or (loss) from sale of assets not on line 10	-92,017			
b Gross sales price for all assets on line 6a 396,931				
7 Capital gain net income (from Part IV, line 2)				
8 Net short-term capital gain				
9 Income modifications				
10 a Gross sales less returns and allowances 1,321				
b Less Cost of goods sold				
c Gross profit or (loss) (attach schedule)	1,321			
11 Other income (attach schedule)				
12 Total. Add lines 1 through 11	27,459	117,800	117,800	
13 Compensation of officers, directors, trustees, etc.	61,000	24,250		36,750
14 Other employee salaries and wages	49,500	12,375		37,125
15 Pension plans, employee benefits	12,085	3,021		9,064
16 a Legal fees (attach schedule)	1,283	321		962
b Accounting fees (attach schedule)	28,217	7,054		21,163
c Other professional fees (attach schedule)	9,978	9,978		
17 Interest				
18 Taxes (attach schedule) (see page 14 of the instructions)	-4,824	2,448		
19 Depreciation (attach schedule) and depletion	3,449		3,449	
20 Occupancy				
21 Travel, conferences, and meetings	44,882	729		44,153
22 Printing and publications	4,838			4,838
23 Other expenses (attach schedule)	26,953			26,953
24 Total operating and administrative expenses. Add lines 13 through 23	237,361	60,176	3,449	181,008
25 Contributions, gifts, grants paid	305,500			305,500
26 Total expenses and disbursements. Add lines 24 and 25	542,861	60,176	3,449	486,508
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-515,402			
b Net investment income (if negative, enter -0-)		57,624		
c Adjusted net income (if negative, enter -0-)			114,351	

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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	308,986	203,355	203,355
	3 Accounts receivable <input type="checkbox"/> Less. allowance for doubtful accounts <input type="checkbox"/>			
	4 Pledges receivable <input type="checkbox"/> Less allowance for doubtful accounts <input type="checkbox"/>			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) <input type="checkbox"/> Less allowance for doubtful accounts <input type="checkbox"/>			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	450	13,848	13,848
	10 a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	145,219	98,826	98,826
	c Investments—corporate bonds (attach schedule)	881,803	876,607	876,607
	11 Investments—land, buildings, and equipment basis <input type="checkbox"/> Less accumulated depreciation (attach schedule) <input type="checkbox"/>			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	4,599,898	2,014,494	2,014,494
	14 Land, buildings, and equipment, basis <input type="checkbox"/> 18,792 Less accumulated depreciation (attach schedule) <input type="checkbox"/> 15,745	6,496	3,047	3,047
15 Other assets (describe <input type="checkbox"/>)				
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	5,942,852	3,210,177	3,210,177	
Liabilities	17 Accounts payable and accrued expenses	3,384		
	18 Grants payable	209,500	147,500	
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe <input type="checkbox"/>)			
	23 Total liabilities (add lines 17 through 22)	212,884	147,500	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	5,729,968	3,062,677	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here <input 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			
30 Total net assets or fund balances (see page 17 of the instructions)	5,729,968	3,062,677		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	5,942,852	3,210,177		

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	5,729,968
2	Enter amount from Part I, line 27a	2	-515,402
3	Other increases not included in line 2 (itemize) <input type="checkbox"/>	3	
4	Add lines 1, 2, and 3	4	5,214,566
5	Decreases not included in line 2 (itemize) <input type="checkbox"/> <u>Unrealized loss on investments</u>	5	2,151,889
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,062,677

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a Publicly traded stocks		P	Various	Various
b Acacia partnership activity		P	Various	Various
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 396,931		374,936		21,995
b		114,012		-114,012
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))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any		
a				21,995
b				-114,012
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 -92,017
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 pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8		}		3 0

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 does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of 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))
2007	696,051	5,744,377	0.121171
2006	627,734	5,462,219	0.114923
2005	476,374	5,271,604	0.090366
2004	791,564	4,893,872	0.161746
2003	458,280	4,670,246	0.098128
2 Total of line 1, column (d)			2 0.586334
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0.117267
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5			4 4,466,830
5 Multiply line 4 by line 3			5 523,812
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 576
7 Add lines 5 and 6			7 524,388
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 on page 18.			8 486,508

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1 a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling letter: _____ (attach copy of ruling letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	1,152
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	
3	Add lines 1 and 2	3	1,152
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-	5	1,152
6	Credits/Payments:		
a	2008 estimated tax payments and 2007 overpayment credited to 2008	6a	15,000
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments Add lines 6a through 6d	7	15,000
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	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	13,848
11	Enter the amount of line 10 to be Credited to 2009 estimated tax <input type="checkbox"/> 13,848 Refunded <input type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

	Yes	No
1 a		X
b		X
c		X
d		
e		
2		X
3		X
4 a		X
b	N/A	
5		X
6	X	
7	X	
8 a		
b	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 page 20 of the instructions)	11		X
12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ <u>www.aequus.org</u>	13	X	
14 The books are in care of ▶ <u>Nancy Padilla</u> Telephone no. ▶ <u>800-441-1963</u> Located at ▶ <u>Post Office Box 3485 Elmira NY</u> ZIP+4 ▶ <u>14905</u>			
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	N/A	▶ <input type="checkbox"/>

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			Yes	No
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1b		X
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 2008?	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 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 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 page 20 of the instructions)	2b	N/A	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20____, 20____, 20____, 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b	If "Yes," did it have excess business holdings in 2008 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 2008)	3b	N/A	
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 2008?	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:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here **5b** N/A

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes 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? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
If you answered "Yes" to 6b, also file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No **7b** N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the 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
Larry Arnn P.O. Box 3485 Elmira NY 14905	Director/Ex. Dir. 6.00	34,000		
Edwin Feulner P.O. Box 3485 Elmira NY 14905	Director/Secretary 2.00	9,000		
David Keyston P.O. Box 3485 Elmira NY 14905	Director/V.P. 2.00	9,000		
Patrick Parker P.O. Box 3485 Elmira NY 14905	Director/President 2.00	9,000		

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the 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 ▶

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 page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
.....		
.....		
.....		
.....		
.....		

Total number of others receiving over \$50,000 for professional services ▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 N/A	
.....	
2	
.....	
3	
.....	
4	
.....	

Part IX-B Summary of Program-Related Investments (see page 23 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
.....	
2	
.....	
All other program-related investments. See page 24 of the instructions	
3	
.....	

Total. Add lines 1 through 3 ▶

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the 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	4,249,841
b	Average of monthly cash balances	1b	267,649
c	Fair market value of all other assets (see page 24 of the instructions)	1c	17,363
d	Total (add lines 1a, b, and c)	1d	4,534,853
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	4,534,853
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	68,023
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,466,830
6	Minimum investment return. Enter 5% of line 5	6	223,342

Part XI Distributable Amount (see page 25 of the 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	223,342
2a	Tax on investment income for 2008 from Part VI, line 5	2a	1,152
b	Income tax for 2008 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	1,152
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	222,190
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	222,190
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	222,190

Part XII Qualifying Distributions (see page 25 of the 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	486,508
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	486,508
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 page 26 of the instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	486,508

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 page 26 of the instructions)

		(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1	Distributable amount for 2008 from Part XI, line 7				222,190
2	Undistributed income, if any, as of the end of 2007:				
a	Enter amount for 2007 only				
b	Total for prior years 20____, 20____, 20____				
3	Excess distributions carryover, if any, to 2008:				
a	From 2003	231,934			
b	From 2004	553,210			
c	From 2005	228,843			
d	From 2006	368,217			
e	From 2007	429,988			
f	Total of lines 3a through e	1,812,192			
4	Qualifying distributions for 2008 from Part XII, line 4 ▶ \$ 486,508				
a	Applied to 2007, but not more than line 2a				
b	Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c	Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d	Applied to 2008 distributable amount				222,190
e	Remaining amount distributed out of corpus	264,318			
5	Excess distributions carryover applied to 2008 (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	2,076,510			
b	Prior years' undistributed income. Subtract line 4b from line 2b				
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d	Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions				
e	Undistributed income for 2007 Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				
f	Undistributed income for 2008. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8	Excess distributions carryover from 2003 not applied on line 5 or line 7 (see page 27 of the instructions)	231,934			
9	Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	1,844,576			
10	Analysis of line 9:				
a	Excess from 2004	553,210			
b	Excess from 2005	228,843			
c	Excess from 2006	368,217			
d	Excess from 2007	429,988			
e	Excess from 2008	264,318			

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2008, enter the date of the ruling

4942(j)(3) or 4942(j)(5)

b Check box to indicate whether the foundation is a private operating foundation described in section

4942(j)(3) or 4942(j)(5)

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Tax year	Prior 3 years			(e) Total
	(a) 2008	(b) 2007	(c) 2006	
b 85% of line 2a				
c Qualifying distributions from Part XII, line 4 for each year listed				
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				
3 Complete 3a, b, or c for the alternative test relied upon				
a "Assets" alternative test—enter				
(1) Value of all assets				
(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 page 27 of the 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. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed

Nancy Padilla Post Office Box 3485 Elmira NY 14905 800-441-1963

b The form in which applications should be submitted and information and materials they should include

Letter of proposal with a budget attached.

c Any submission deadlines:

None

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors.

Study of Christian Science religion. The free market system and related areas.

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i> See attached				305,500
Total			▶ 3a	305,500
b <i>Approved for future payment</i>				
Total			▶ 3b	

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, Fees and contracts from government agencies, 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, and Other revenue.

(See worksheet in line 13 instructions on page 28 to verify calculations)

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

Table with 2 columns: Line No. and Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See page 28 of the instructions).

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

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... a Transfers from the reporting foundation to a noncharitable exempt organization of: (1) Cash (2) Other assets b Other transactions: (1) Sales of assets to a noncharitable exempt organization (2) Purchases of assets from a noncharitable exempt organization (3) Rental of facilities, equipment, or other assets (4) Reimbursement arrangements (5) Loans or loan guarantees (6) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule.

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

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? [] Yes [X] No

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

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

Sign Here section containing signature of officer or trustee, Preparer's signature (Howard J. Levine), and Firm's name (Howard J. Levine C.P.A., 16500 Sherman Way #280, Va).

Name as shown on return Aequus Institute	ID number 52-1620982
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STATEMENT #1 - DETAIL OF SALES (Part I, Line 10a)

Sales of books, C D 's and pamphlets	1,321
GROSS PROFIT	1,321

STATEMENT #2 - OTHER PROFESSIONAL FEES (Part I, Line 16c)

Investment management fees	9,978
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STATEMENT #3 - TAXES (Part I, Line 18)

Foreign income taxes	2,448
Federal excise taxes	(7,272)
TOTAL TAXES	(4,824)

STATEMENT #4 - OTHER EXPENSES (Part I, Line 23)

Bank charges	639
Dues and subscriptions	1,512
Entertainment and meals	2,597
Insurance	2,760
Miscellaneous	300
Office supplies	1,839
Outside services	8,196
Postage	6,655
Telephone	2,455
TOTAL OTHER EXPENSES	26,953

**Aequus Institute
Securities Owned
December 31, 2008**

Type	Stock Name	Buy Qty.	Buy Date	Cost	Market Value
Stocks:					
	ING Group	4,000	07/18/02	100,002	50,800
	Newmont Mining	1,180	10/30/03	50,208	48,026
	Total			150,210	98,826
Bonds:					
	Mellon Financial Note	75,000	05/14/98	76,370	76,277
	FNMA Pool 6/1/2035	73,000	5/21/08	49,403	51,331
	FNMA Pool 12/1/2036	102,000	Various	85,452	86,069
	FNMA Pool 5/1/2038	84,000	10/15/08	79,758	81,219
	FNMA Pool 8/1/2038	40,000	12/11/08	39,691	39,938
	FNMA Pool 9/1/2038	6,000	11/14/08	5,940	6,012
	FNMA Pool 10/1/2038	16,000	11/3/08	14,074	16,375
	FNMA Pool 10/1/2038	70,000	Various	71,568	70,128
	FNMA Pool 11/1/2038	31,000	11/10/08	31,388	31,732
	Treasury Note 4/15/2010	49,000	Various	49,965	52,663
	Treasury Note 7/15/2012	41,000	Various	47,629	48,418
	Pimco Fixed Income C	13,780	Various	155,010	160,124
	Pimco Fixed Income M	18,326	Various	195,854	156,321
	Total			902,102	876,607
Pooled Investment Partnership:					
	Acacia Partners			1,759,521	2,014,494
	Total			1,759,521	2,014,494

**2008 GRANT RECIPIENTS
AEQUUS INSTITUTE**

GRANT RECIPIENT	AWARD DATE	PURPOSE	AMOUNT
INTERCOLLEGIATE STUDIES CENTER 3901 Centerville Road Wilmington, DE 19807	01/07/08	General Operations, Discretionary	3,000
REGIS UNIVERSITY 3333 Regis Boulevard Denver, CO 80221	01/07/08	General Operations, Discretionary	5,000
ACTON INSTITUTE 161 Ottawa , N W , Suite 301 Grand Rapids, MI 49503	01/07/08	General Operations, Discretionary	1,000
VICTIMS OF COMMUNISM MEMORIAL FOUNDATION 1521 Sixteenth Street, N W Washington, DC 20036	01/07/08	General Operations, Discretionary	1,000
FREE - FDTN FOR RESEARCH ON ECON & ENV 662 Ferguson Bozeman, MT 58718	04/05/08	Conference Ethics, Economics and the Environment	1,000
GEORGE MASON UNIVERSITY - LAW ECON CTR 3301 North Fairfax Drive, MS 1G3 Arlington, VA 22201	04/05/08	Programs for Judges	5,000
HERITAGE FOUNDATION 200 Massachusetts Avenue, N W Washington, DC 20002	04/05/08	General Operations	100,000
LANDMARK LEGAL FOUNDATION 3100 Broadway, Suite 1210 Kansas City, MO 64111	04/05/08	General Operations	2,500
NAT'L RIGHT TO WORK LEGL DEFENSE FDTN 8001 Braddock Road Springfield, VA 22160	04/05/08	General Operations, Legal Work	1,000
PHILADELPHIA SOCIETY 11620 Rutan Circle Jerome, MI 49249	04/05/08	General Operations, Meeting Expenses	5,000
ST VINCENT COLLEGE 300 Fraser Purchase Road Latrobe, PA 15650	04/05/08	2008-2009 Government and Political Education Series	1,000
U S ENGLISH FOUNDATION 1747 Pennsylvania Avenue, N W Washington, DC 20006	04/05/08	Briefing Series	1,000
NOVUS ORDO SECLORUM Box 11 Mount Joy, PA 17552	04/05/08	Legal needs a sit pertains to the Christian Science Doctrne	5,000
CLAREMONT INSTITUTE 937 W Foothill Boulevard Claremont, CA 91711	04/24/08	General Operations, Discretionary	3,000
HEALING UNLIMITED P.O Box 5271 Carmel, CA 93921	05/05/08	General Operations, Discretionary	5,000
MAYO CLINIC 200 First Street, S W Rochester, MN 55903	08/19/08	In honor of Dr James Seward and in support of the research of Dr Theresa Tsang	2,000

**2008 GRANT RECIPIENTS
AEQUUS INSTITUTE**

GRANT RECIPIENT	AWARD DATE	PURPOSE	AMOUNT
CAPITAL RESEARCH CENTER 1513 16th Street, N W Washington, DC 20036	09/09/08	General Operations	3,000
CLAREMONT INSTITUTE 937 W Foothill Boulevard Claremont, CA 91711	09/09/08	General Operations	20,000
FUND FOR AMERICAN STUDIES 1706 New Hampshire Avenue, N W Washington, DC 20009	09/09/08	Institute for Leadership in Americas	1,000
HILLSDALE COLLEGE 33 East College Street Hillsdale, MI 49242	09/09/08	Center for the Constitution, WA Fellowship Program, & WA Hillsdale Internship Program	50,000
HOOVER INSTITUTION Stanford University Stanford, CA 94305	09/09/08	Book Project for Peter Robinson	2,500
INSTITUTE OF WORLD POLITICS 1521 16th Street, N W Washington, DC 20036	09/09/08	General Operations	10,000
INTERCOLLEGIATE STUDIES INSTIUTE 3901 Centerville Road Wilmington, DE 19807	09/09/08	Expanding Education Operaatons and collegeguide org website	25,000
REASON FOUNDATION 3415 S Sepulveda Boulevard, Suite 400 Los Angeles, CA 90034	09/09/08	General Operations	2,500
BOOKMARK P O Box 801143 Santa Clarita, CA 91380	09/09/08	ERG printing and production of Catalog	4,000
CLIFTON HOUSE 3440 Beltline Boulevard, Suite 102 St Louis, MN 55416	09/09/08	General Operations and Building Fund	1,000
HEALING UNLIMITED P O Box 5271 Carmel, CA 93921	09/09/08	General Operations and Play entitled "Mrs Eddy"	15,000
UNIVERSITY OF LOUISVILLE FOUNDATION Louisville, KY 40292	09/09/08	Ekstrom Archival Project	2,500
ACTON INSTITUTE 161 Ottawa N W, Suite 301 Grand Rapids, MI 49503	12/10/08	General Operations	1,000
AMERICAN ENTERPRISE INSTITUTE 1150 Seventeenth Street, N W Washington, DC 20036	12/10/08	General Operations	1,000
COALITION FOR URBAN RENEWAL & EDUCATION 1300 Pennsylvania Avenue, N W , #700 Washington, DC 20004	12/10/08	General Operations	1,000
INTERNATIONAL POLICY NETWORK US, INC 307 Temple Avenue London EC4Y OHP	12/10/08	General Operations, Eureka Project	1,000

**2008 GRANT RECIPIENTS
AEQUUS INSTITUTE**

GRANT RECIPIENT	AWARD DATE	PURPOSE	AMOUNT
INST OF ECONOMIC AFFAIRS - American Friends of the IEA 2000 N 14th street, Suite 550 Arlington, VA 22201	12/10/08	General Operations	2,000
PACIFIC RESEARCH INSTITUTE 735 Sansome Street, Suite 450 San Francisco, CA 94111	12/10/08	Education Studies Program	1,500
TAX FOUNDATION 2001 L Street, N W , Suite 1050 Washington, DC 20036	12/10/08	General Operations	1,000
HEALING UNLIMITED P O Box 5271 Carmel, CA 93921	12/10/09	General Operations and Play entitled "Mrs Eddy" - Part II	15,000
CLAREMONT INSTITUTE 937 W Foothill Boulevard Claremont, CA 91711	12/22/08	General Operations, Discretionary	3,000
OMAHA ZOO 3701 S 10th Street Omaha, NE 68107	12/22/08	General Operations	1,000

\$305,500.00