2013

Instructions for Form 990-PF

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

Volume 2 of 3

IRS

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Column (b). Net Investment Income

All domestic private foundations (including section 4947(a)(1) nonexempt charitable trusts) are required to pay an excise tax each tax year on net investment income.

Exempt foreign foundations are subject to an excise tax on gross investment income from U.S. sources. These foreign organizations should complete lines 3, 4, 5, 11, 12, and 27b of column (b) and report only income derived from U.S. sources. No other income should be included. No expenses are allowed as deductions.

Definitions

Gross investment income. Gross investment income is the total amount of investment income that was received by a private foundation from all sources. However, it does not include any income subject to the unrelated business income tax. It includes interest, dividends, rents, payments with respect to securities loans (as defined in section 512(a)(5)), royalties received from assets devoted to charitable activities, income from notional principal contracts (as defined in Regulations section 1.863-7), annuities, substantially similar income from ordinary and routine investments, and income from similar sources. Therefore, interest received on a student loan is includible in the gross investment income of a private foundation making the loan.

Net investment income. Net investment income is the amount by which the sum of gross investment income and the capital gain net income exceeds the allowable deductions discussed later. Tax-exempt interest on governmental obligations and related expenses are excluded.

Investment income. Include in column (b) all or part of any amount from column (a) that applies to investment income. However, do not include in column (b) any income and related expenses reported on Form 990-T.

For example, investment income from debt-financed property unrelated to the organization's charitable purpose and certain rents (and related expenses) treated as unrelated trade or business income should be reported on Form 990-T. Income from debt-financed property that is not taxed under section 511 is taxed under section 4940. Thus, if the debt/basis percentage of a debt-financed property is 80%, only 80% of the gross income (and expenses) for that property is used to figure the section 511 tax on Form 990-T. The remaining 20% of the gross income (and expenses) of that property is used to figure the section 4940 tax on net investment income on Form 990-PF. (See Form 990-T and its instructions for more information.)

Investment expenses. Include in column (b) all ordinary and necessary expenses paid or incurred to produce or collect investment income from interest, dividends, rents, amounts received from payments on securities loans (as defined in section 512(a)(5)), royalties, income from notional principal contracts, annuities, substantially similar income from ordinary and routine investments, and income from similar sources; or for the management, conservation, or maintenance of property held for the production of income that is taxable under section 4940.

If any of the expenses listed in column (a) are paid or incurred for both investment and charitable purposes, they must be allocated on a reasonable basis between the investment activities and the charitable activities so that only expenses from investment activities appear in column (b). Examples of allocation methods are given in the instructions for Part IX-A.

Limitation. The deduction for expenses paid or incurred in any tax year for producing gross investment income earned incident to a charitable function cannot be more than income earned from the function includible as gross investment income for the year.

For example, if rental income is incidentally realized in 2013 from historic buildings held open to the public, deductions for amounts paid or incurred in 2013 for the production of this income may not be more than the amount of rental income includible as gross investment income in column (b) for 2013.

Expenses related to tax-exempt interest. Do not include on lines 13–23 of column (b) any expenses paid or incurred that are allocable to tax-exempt interest that is excluded from lines 3 and 4.

If the foundation is a partner in a partnership, a beneficiary of a trust, or a shareholder of an S corporation, then pertinent items of income, gain, loss, deduction, or credit from the entity's Schedule K-1 (Form 1065, 1041, or 1120S) generally should be reported in columns (b) and (c) for the tax year of the entity ending with or within the foundation's tax year.

Column (c). Adjusted Net Income

Nonoperating private foundations should see Nonoperating private foundations, later, to find out if they need to complete column (c).

Private operating foundations. All organizations that claim status as private operating foundations under section 4942(j)(3) or (5) must complete all lines of column (c) that apply, according to the general rules for income and expenses that apply to this column, the specific line instructions for lines 3–27c, the special rule below and Examples 1 and 2 below.

General rules. In general, adjusted net income is the amount of a private foundation's gross income that is more than the expenses of earning the income. The modifications and exclusions explained below are applied to gross income and expenses in figuring adjusted net income.

For income and expenses, include on each line of column (c) only that portion of the amount from column (a) applicable to the adjusted net income computation.

Income. For column (c), include income from charitable functions, investment activities, short-term capital gains from investments, amounts set aside, and unrelated trade or business activities. Do not include gifts, grants or contributions, or long-term capital gains or losses.

Expenses. Deductible expenses include the part of a private foundation's operating expenses paid or incurred to produce or collect gross income reported on lines 3–11 of column (c). If only part of the property produces income includible in column (c), deductions such as interest, taxes, and rent must be divided between the charitable and non-charitable uses of the property. If the deductions for property used for a charitable, educational, or other similar purpose are more than the income from the property, the excess will not be allowed as a deduction but may be treated as a qualifying distribution in Part I, column (d). See Examples 1 and 2 below.

Special rule. The expenses attributable to each specific charitable activity, limited by the amount of income from the activity, must be reported in column (c) on lines 13–26. If the expenses of any charitable activity exceed the income generated by that activity, only the excess of these expenses over the income should be reported in column (d).

Examples.

A charitable activity generated $5,000 of income and $4,000 of expenses. Report all income and expenses in column (c) and none in column (d).

A charitable activity generated $5,000 of income and $6,000 of expenses. Report $5,000 of income and $5,000 of expenses in column (c) and the excess expenses of $1,000 in column (d).

Nonoperating private foundations. A foundation that does not claim status as a private operating foundation is not required to complete column (c) unless either of the following applies.

1. The foundation received income from a charitable activity and wishes to claim a qualifying distribution for expenses incurred in the activity in excess of the income. The foundation must report such income only on lines 10 and/or 11 in column (c), and any expenses relating to this income following the general rules and the special rule above. See Examples 1 and 2 above. The foundation need not report other kinds of income and expenses (such as

investment income and expenses) in column (c).

2. The foundation claims status under section 170(b)(1)(F)(iii) (relating to foundations that maintain a common fund). The foundation must complete all lines of column (c) that apply.

Column (d). Disbursements for Charitable Purposes

Expenses entered in column (d) relate to activities that constitute the charitable purpose of the foundation.

For amounts entered in column (d):

- Use the cash receipts and disbursements method of accounting no matter what accounting method is used in keeping the books of the foundation;
- Do not include any amount or part of an amount included in column (b) or (c);
- Include on lines 13–25 all expenses, including necessary and reasonable administrative expenses, paid by the foundation for religious, charitable,

scientific, literary, educational, or other public purposes, or for the prevention of cruelty to children or animals;

- Include a distribution of property at the fair market value on the date the distribution was made; and
- Include only the part entered in column (a) that is allocable to the charitable purposes of the foundation.

Example. An educational seminar produced $1,000 in income that was reportable in columns (a) and (c). Expenses attributable to this charitable activity were $1,900. Only $1,000 of expense should be reported in column (c) and the remaining $900 in expense should be reported in column (d).

Qualifying distributions. Generally, amounts paid to accomplish the foundation's exempt purposes are qualifying distributions. Special rules apply in certain situations—see the line 25, column (d) instructions.

TIP *The total of the expenses and disbursements on line 26 is also entered on line 1a in Part XII to figure* *qualifying distributions.*

Alternative to completing lines 13–25. If you want to provide an analysis of disbursements that is more detailed than column (d), you may attach a schedule instead of completing lines 13–25. The schedule must include all the specific items of lines 13–25, and the total from the schedule must be entered on line 26, column (d).

Line Instructions

Line 1. Contributions, gifts, grants, etc., received. Enter the total of gross contributions, gifts, grants, and similar amounts received.

Schedule B (Form 990, 990-EZ, or 990-PF). If money, securities, or other property valued at $5,000 or more was received directly or indirectly from any one person during the year, complete Schedule B and attach it to the return. If the foundation is not required to complete Schedule B (no person contributed $5,000 or more), be sure to check the box on line 2.

To determine whether a person has contributed $5,000 or more, total only gifts of $1,000 or more from each person. Separate and independent gifts need not be totaled if less than $1,000. If a contribution is in the form of property, describe the property and include its fair market value.

The term “person” includes individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations.

Split-interest trusts. Distributions from split-interest trusts should be entered on line 1, column (a). They are a part of the amount on line 1.

Substantiation requirements. An organization must keep records, as required by the regulations under section 170.

Generally, a donor making a charitable contribution of $250 or more will not be allowed a federal income tax deduction unless the donor obtains a written acknowledgment from the donee organization by the earlier of the date on which the donor files a tax return for the tax year in which the contribution was made or the due date, including extensions, for filing that return. However, see section 170(f)(8)(D) and Regulations section 1.170A-13(f) for exceptions to this rule.

The written acknowledgment the foundation provides to the donor must show:

1. The amount of cash contributed,
2. A description of any property contributed,
3. Whether the foundation provided any goods or services to the donor, and
4. A description and a good-faith estimate of the value of any goods or services the foundation gave in return for the contribution, unless:
    a. The goods and services have insubstantial value, or
    b. A statement is included that these goods and services consist solely of intangible religious benefits.

Generally, if a charitable organization solicits or receives a contribution of more than $75 for which it gives the donor something in return (a quid pro quo contribution), the organization must inform the donor, by written statement, that the amount of the contribution deductible for federal income tax purposes is limited to the amount by which the contribution exceeds the value of the goods or services received by the donor. The written statement must also provide the donor with a good-faith estimate of the value of goods or services given in return for the contribution.

Penalties. An organization that does not make the required disclosure for each quid pro quo contribution will incur a penalty of $10 for each failure, not to exceed $5,000 for a particular fundraising event or mailing, unless it can show reasonable cause for not providing the disclosure.

For more information. See Regulations section 1.170A-13 for more information on charitable recordkeeping and substantiation requirements.

Line 2. Check this box if the foundation is not required to attach Schedule B.

Line 3. Interest on savings and temporary cash investments.

In column (a). Enter the total amount of interest income from investments reportable in Part II, line 2. These include savings or other interest-bearing accounts and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills or other government obligations that mature in less than 1 year.

In column (b). Enter the amount of interest income shown in column (a). Do not include interest on tax-exempt government obligations.

In column (c). Enter the amount of interest income shown in column (a). Include interest on tax-exempt government obligations.

Line 4. Dividends and interest from securities.

In column (a). Enter the amount of dividend and interest income from securities (stocks and bonds) reportable in Part II, line 10. Include amounts received from payments on securities loans as defined in section 512(a)(5). Do not include any capital gain dividends reportable on line 6. Report income from program-related investments on line 11. For debt instruments with an original issue discount, report the original issue discount ratably over the life of the bond on line 4. See section 1272 for more information.

In column (b). Enter the amount of dividend and interest income and payments on securities loans from column (a). Do not include interest on tax-exempt government obligations.

In column (c). Enter the amount of dividend and interest income and payments on securities loans from column (a). Include interest on tax-exempt government obligations.

Line 5a. Gross rents.

In column (a). Enter the gross rental income for the year from investment property reportable in Part II, line 11.

In columns (b) and (c). Enter the gross rental income from column (a).

Line 5b. Net rental income or (loss). Figure the net rental income or (loss) for the year and enter that amount on the entry line to the left of column (a).

Report rents from other sources on line 11. Enter any expenses attributable to the rental income reported on line 5, such as interest and depreciation, on lines 13–23.

Line 6a. Net gain or (loss) from sale of assets. Enter the net gain or (loss) per books from all asset sales not included on line 10.

For assets sold and not included in Part IV, attach a schedule showing:

- Date acquired,
- Manner of acquisition,
- Gross sales price,

- Cost, other basis, or value at time of acquisition (if donated) and which of these methods was used,
- Date sold,
- To whom sold,
- Expense of sale and cost of improvements made subsequent to acquisition, and
- Depreciation since acquisition (if depreciable property).

Line 6b. Gross sales price for all as-sets on line 6a. Enter the gross sales price from all asset sales whose net gain or loss was reported on line 6a.

Line 7. Capital gain net income. Enter the capital gain net income from Part IV, line 2. See Part IV instructions.

Line 8. Net short-term capital gain. Include only net short-term capital gain for the year (assets sold or exchanged that were held not more than 1 year). Do not include net long-term capital gain or net loss in column (c).

Do not include on line 8 a net gain from the sale or exchange of depreciable property, or land used in a trade or business (section 1231) and held for more than 1 year. However, include net loss from such property on line 23 as an Other expense.

In general, foundations may carry to line 8 the net short-term capital gain reported in Part IV, line 3. However, if the foundation had any short-term capital gain from sales of debt-financed property, add it to the amount reported in Part IV, line 3 to figure the amount to include on line 8. For information dealing with “debt-financed property,” see the Instructions for Form 990-T.

TIP *Only private operating foundations report their short-term capital gains on line 8.*

Line 9. Income modifications. Include on this line:

1. Amounts received or accrued as repayments of amounts taken into account as qualifying distributions;

2. Amounts received or accrued from the sale or other disposition of property to the extent that the acquisition of the property was considered a qualifying distribution for any tax year;

3. Any amount set aside for a specific project (see explanation in the instructions for Part XII) that was not necessary for the purposes for which it was set aside;

4. Income received from an estate, but only if the estate was considered terminated for income tax purposes due to a prolonged administration period; and

5. Amounts treated in an earlier tax year as qualifying distributions to:

- A nonoperating private foundation if the amounts were not redistributed by the grantee organization by the close of its tax year following the year in which it received the funds, or
- An organization controlled by the distributing foundation or a disqualified

person if the amounts were not redistributed by the grantee organization by the close of its tax year following the year in which it received the funds.

Lines 10a, b, c. Gross profit from sales of inventory. Enter the gross sales (less returns and allowances), cost of goods sold, and gross profit or (loss) from the sale of all inventory items, including those sold in the course of special events and activities. These inventory items are the ones the organization either makes to sell to others or buys for resale.

Do not report any sales or exchanges of investments on line 10.

Do not include any profit or (loss) from the sale of capital items such as securities, land, buildings, or equipment on line 10. Enter these amounts on line 6a.

Do not include any business expenses such as salaries, taxes, rent, etc., on line 10. Include them on lines 13–23.

Attach a schedule showing the following items: gross sales, cost of goods sold, and gross profit or (loss). These items should be classified according to type of inventory sold (such as books, tapes, other educational or religious material, etc.). The totals from the schedule should agree with the entries on lines 10a–10c.

In column (c), enter the gross profit or (loss) from sales of inventory shown on line 10c, column (a).

Line 11. Other income. Enter the total of all the foundation's other income for the year. Attach a schedule that gives a description and the amount of the income. Include all income not reported on lines 1 through 10c. Also, see the instructions for Part XVI-A, line 11 later.

Include imputed interest on certain deferred payments figured under section 483 and any investment income not reportable on lines 3 through 5, including income from program-related investments (defined in the instructions for Part IX-B).

Do not include unrealized gains and losses on investments carried at market value. Report those as fund balance or net asset adjustments in Part III.

In column (b). Enter the amount of investment income included in line 11, column (a). Include dividends, interest, rents, and royalties derived from assets devoted to charitable activities, such as interest on student loans.

In column (c). Include all other items includible in adjusted net income not covered elsewhere in column (c).

Line 12. Total. In column (b). Domestic organizations should enter the total of lines 3–11. Exempt foreign organizations should enter the total of lines 3, 4, 5, and 11 only.

Line 13. Compensation of officers, directors, trustees, etc.

In column (a). Enter the total compensation for the year of all officers, directors, and trustees. If none was paid, enter zero. Complete line 1 of Part VIII to show the compensation of officers, directors, trustees, and foundation managers.

In columns (b), (c), and (d). Enter the portion of the compensation included in column (a) that is applicable to the column. For example, in column (c) enter the portion of the compensation included in column (a) paid or incurred to produce or collect income included in column (c).

Line 14. Other employee salaries and wages. Enter the salaries and wages of all employees other than those included on line 13.

Line 15. Contributions to employee pension plans and other benefits. Enter the employer's share of contributions the organization paid to qualified and nonqualified pension plans and the employer's share of contributions to employee benefit programs (such as insurance, health, and welfare programs) that are not an incidental part of a pension plan. Complete the return/report of the Form 5500 series appropriate for the organization's plan. See the Instructions for Form 5500 for information about employee welfare benefit plans required to file that form.

Also include the amount of federal, state, and local payroll taxes for the year, but only include those that are imposed on the organization as an employer. This includes the employer's share of social security and Medicare taxes, FUTA tax, state unemployment compensation tax, and other state and local payroll taxes. Do not include taxes withheld from employees' salaries and paid over to the various governmental units (such as federal and state income taxes and the employee's share of social security and Medicare taxes).

Lines 16a, b, and c. Legal, accounting, and other professional fees. On the appropriate line(s), enter the legal, accounting, auditing, and other professional fees (such as fees for fundraising or investment services) charged by outside firms and individuals who are not employees of the foundation.

Attach a schedule for lines 16a, b, and c. Show the type of service and expense for each. If the same person provided more than one of these services, include an allocation of those expenses.

Report any fines, penalties, or judgments imposed against the foundation as a result of legal proceedings on line 23.

Line 18. Taxes. Attach a schedule listing the type and amount of each tax reported on line 18. Do not enter any taxes included on line 15.

In column (a). Enter the taxes paid (or accrued) during the year. Include all types of taxes recorded on the books, including real estate tax not reported on line 20; the tax on investment income; and any income tax.

In column (b). Enter only those taxes included in column (a) related to investment income taxable under section 4940. Do not include the section 4940 tax paid or incurred on net investment income or the section 511 tax on unrelated business income. Sales taxes may not be deducted separately but must be treated as a part of the cost of acquired property or as a reduction of the amount realized on disposition of the property.

In column (c). Enter only those taxes included in column (a) that relate to income included in column (c). Do not include any excise tax paid or incurred on the net investment income (as shown in Part VI) or any tax reported on Form 990-T.

In column (d). Do not include any excise tax paid on investment income (as reported in Part VI of this return or the equivalent part of a return for prior years) unless the organization is claiming status as a private operating foundation and completes Part XIV.

Line 19. Depreciation and depletion.

In column (a). Enter the expense recorded in the books for the year.

For depreciation, attach a schedule showing:

- A description of the property,
- The date acquired,
- The cost or other basis (exclude any land),
- The depreciation allowed or allowable in prior years,

- The method of computation,
- The rate (%) or life (years), and
- The depreciation this year.

On a separate line on the schedule, show the amount of depreciation included in cost of goods sold and not included on line 19.

In columns (b) and (c). A deduction for depreciation is allowed only for property used in the production of income reported in the column, and only using the straight line method of computing depreciation. A deduction for depletion is allowed but must be figured only using the cost depletion method.

The basis used in figuring depreciation and depletion is the basis determined under normal basis rules, without regard to the special rules for using the fair market value on December 31, 1969, that relate only to gain or loss on dispositions for purposes of the tax on net investment income.

Line 20. Occupancy. Enter the amount paid or incurred for the use of office space or other facilities. If the space is rented or leased, enter the amount of rent. If the space is owned, enter the amount of mortgage interest, real estate taxes, and similar expenses, but not depreciation reportable on line 19. In either case, include the amount for utilities and related expenses (for example, heat, lights, water, power, telephone, sewer, trash removal, outside janitorial services, and similar services). Do not include any salaries of the organization's own employees reportable on line 14.

Line 21. Travel, conferences, and meetings. Enter the expenses for officers, employees, or others during the year for travel, attending conferences, meetings, etc. Include transportation (including fares, mileage allowance, or automobile expenses), meals and lodging, and related costs whether paid on the basis of a per diem allowance or actual expenses incurred. Do not include any compensation paid to those who participate.

In column (b). Only 50% of the expense for business meals, etc., paid or incurred in connection with travel, meetings, etc., relating to the production of investment income may be deducted in figuring net investment income (section 274(n)).

In column (c). Enter the total amount of expenses paid or incurred by officers, employees, or others for travel, conferences, meetings, etc., related to income included in column (c).

Line 22. Printing and publications. Enter the expenses for printing or publishing and distributing any newsletters, magazines, etc. Also include the cost of subscriptions to, or purchases of, magazines, newspapers, etc.

Line 23. Other expenses. Enter all other expenses for the year. Include all expenses not reported on lines 13–22. Attach a schedule showing the type and amount of each expense.

If a deduction is claimed for amortization, attach a schedule showing:

- Description of the amortized expenses;
- Date acquired, completed, or expended;
- Amount amortized;

- Deduction for prior years;
- Amortization period (number of months);
- Current-year amortization; and
- Total amount of amortization.

In column (c). In addition to the applicable portion of expenses from column (a), include any net loss from the sale or exchange of land or depreciable property that was held for more than 1 year and used in a trade or business.

A deduction for amortization is allowed but only for assets used for the production of income reported in column (c).

Line 25. Contributions, gifts, grants paid. Do not report on line 25 direct program expenditures that are not contributions, gifts, or grants. These amounts should be reported on lines 13-24.

In column (a). Enter the total of all contributions, gifts, grants, and similar amounts paid (or accrued) for the year. List each contribution, gift, grant, etc., in Part XV, or attach a schedule of the items included on line 25 and list:

1. Each class of activity,
2. A separate total for each activity,
3. Name and address of donee,
4. Relationship of donee if related by:
   a. Blood,
   b. Marriage,
   c. Adoption, or
   d. Employment (including children of employees) to any disqualified person (see *General Instruction C* for definitions), and
5. The organizational status of donee (for instance, public charity—an organization described in section 509(a)(1), (2), or (3)).

You do not have to give the name of any indigent person who received one or more gifts or grants from the foundation unless that individual is a disqualified person or one who received a total of more than $1,000 from the foundation during the year.

Activities should be classified according to purpose and in greater detail than merely classifying them as charitable, educational, religious, or scientific activities. For example, use identification such as payments for nursing service, for fellowships, or for assistance to indigent families.

Foundations may include, as a single entry on the schedule, the total of amounts paid as grants for which the foundation exercised expenditure responsibility. Attach a separate report for each grant.

When the fair market value of the property at the time of disbursement is the measure of a contribution, the schedule must also show:

- A description of the contributed property,
- The book value of the contributed property,
- The method used to determine the book value,

- The method used to determine the fair market value, and
- The date of the gift.

TIP *The difference between fair market value and book value should be shown in the books of account and as a net asset adjustment in Part III.*

In column (d). Enter on line 25 all contributions, gifts, and grants the foundation paid during the year with the following exceptions.

- Do not include contributions to organizations controlled by the foundation or by one or more disqualified persons, or contributions to nonoperating private foundations, unless the donee organization is exempt from tax under section 501(c)(3) and redistributes the contributions, and the foundation maintains sufficient evidence of redistribution, in accordance with section 4942(g)(3) and Regulations section 53.4942(a)-3(c).

- Do not include contributions paid from a nonoperating private foundation to a Type III supporting organization as defined under section 4943(f)(5) that is not a functionally integrated Type III supporting organization as defined under section 4943(f)(5)(B). See Regulations section 1.509(a)-4.
- Do not include contributions paid from a nonoperating private foundation to any supporting organization if a disqualified person of the private foundation controls the supporting organization or any of its supported organizations. See Notice 2006-109, 2006-51 I.R.B. 1121.
- Do not reduce the amount of grants paid in the current year by the amount of grants paid in a prior year returned or recovered in the current year. Report those repayments on line 9, column (c), and in Part XI, line 4.
- Do not include any payments of set-asides (see instructions for Part XII, line 3) taken into account as qualifying distributions in the current year or any prior year. All set-

asides are included in qualifying distributions (Part XII, line 3) in the year of the set-aside, regardless of when paid.

- Do not include current year write-offs of prior years' program-related investments. All program-related investments are included in qualifying distributions (Part XII, line 1b) in the year the investment is made.
- Do not include any payments that are not qualifying distributions as defined in section 4942(g)(1).

Net Amounts

Line 27a. Excess of revenue over expenses and disbursements. Subtract line 26, column (a), from line 12, column (a) and enter the result. Generally, the amount shown in column (a) on this line is also the amount by which net assets (or fund balances) have increased or decreased for the year. See the instructions for *Part III, Analysis of Changes in Net Assets or Fund Balances.*

Line 27b. Net investment income. Domestic organizations should subtract line 26 from line 12 and enter the result. Exempt foreign organizations should enter the amount shown on line 12. However, if the organization is a domestic organization and line 26 is more than line 12 (such as when expenses exceed income), enter zero (not a negative amount).

Line 27c. Adjusted net income. Subtract line 26, column (c) from line 12, column (c) and enter the result.

Part II. Balance Sheets

For column (b), show the book value at the end of the year. For column (c), show the fair market value at the end of the year. Attached schedules must show the end-of-year value for each asset listed in columns (b) and (c).

Foundations whose books of account included total assets of $5,000 or more at any time during the year must complete all of columns (a), (b), and (c).

Foundations with less than $5,000 of total assets per books at all times during the year must complete all of columns (a) and (b) and only line 16 of column (c).

Line 1. Cash—Non-interest-bearing. Enter the amount of cash on deposit in checking accounts, deposits in transit, change funds, petty cash funds, or any other non-interest-bearing account. Do not include advances to employees or officers or refundable deposits paid to suppliers or others.

Line 2. Savings and temporary cash investments. Enter the total of cash in savings or other interest-bearing accounts and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills or other governmental obligations that mature in less than 1 year.

Line 3. Accounts receivable. On the dashed lines to the left of column (a), enter the year-end figures for total accounts receivable and allowance for doubtful accounts from the sale of goods and/or the performance of services. In columns (a), (b), and (c), enter net amounts (total accounts receivable reduced by the corresponding allowance for doubtful accounts). Claims against vendors or refundable deposits with suppliers or others may be reported here if not significant in amount. (Otherwise, report them on line 15.) Any receivables due from officers, directors, trustees, foundation managers, or other disqualified persons must be reported on line 6. Report receivables (including loans and advances) due from other employees on line 15.

Line 4. Pledges receivable. On the dashed lines to the left of column (a), enter the year-end figures for total pledges receivable and allowance for doubtful accounts (pledges estimated to be uncollectible). In columns (a), (b), and (c), enter net amounts (total pledges receivable reduced by the corresponding allowance for doubtful accounts).

Line 5. Grants receivable. Enter the total grants receivable from governmental agencies, foundations, and other organizations as of the beginning and end of the year.

Line 6. Receivables due from officers, directors, trustees, and other disqualified persons. Enter here (and on an attached schedule described below) all receivables due from officers, directors, trustees, foundation managers, and other disqualified persons and all secured and unsecured loans (including advances) to such persons. Disqualified person is defined in *General Instruction C.*

Attached schedules. (a) On the required schedule, report each loan separately, even if more than one loan was made to the same person or the same terms apply to all loans made.

Salary advances and other advances for the personal use and benefit of the recipient and receivables subject to special terms or arising from transactions not functionally related to the foundation's charitable purposes must be reported as separate loans for each officer, director, etc.

(b) Receivables that are subject to the same terms and conditions (including credit limits and rate of interest) as receivables due from the general public from an activity functionally related to the foundation's charitable purposes may be reported as a single total for all the officers, directors, etc. Travel advances made for official business of the organization may also be reported as a single total.

For each outstanding loan or other receivable that must be reported separately, the attached schedule should show the following information (preferably using columns):

1. Borrower's name and title,
2. Original amount,
3. Balance due,
4. Date of note,
5. Maturity date,
6. Repayment terms,
7. Interest rate,
8. Security provided by the borrower,

9. Purpose of the loan, and

10. Description and fair market value of the consideration furnished by the lender (for example, cash—$1,000; or 100 shares of XYZ, Inc., common stock— $9,000).

The above detail is not required for receivables or travel advances that may be reported as a single total (see *(b)* above); however, report and identify those totals separately on the attachment.

Line 7. Other notes and loans receivable. On the dashed lines to the left of column (a), enter the combined total year-end figures for notes receivable and loans receivable and the allowance for doubtful accounts.

Notes receivable. In columns (a), (b), and (c), enter the amount of all notes receivable not listed on line 6 and not acquired as investments. Attach a schedule similar to the one for line 6. The schedule should also identify the relationship of the borrower to any officer, director, trustee, foundation manager, or other disqualified person.

For a note receivable from any section 501(c)(3) organization, list only the name of the borrower and the balance due on the required schedule.

Loans receivable. In columns (a), (b), and (c), enter the gross amount of loans receivable, minus the allowance for doubtful accounts, from the normal activities of the filing organization (such as scholarship loans). An itemized list of these loans is not required, but attach a schedule showing the total amount of each type of outstanding loan. Report loans to officers, directors, trustees, foundation managers, or other disqualified persons on line 6 and loans to other employees on line 15.

Line 8. Inventories for sale or use. Enter the amount of materials, goods, and supplies purchased or manufactured by the organization and held for sale or use in some future period.

Line 9. Prepaid expenses and deferred charges. Enter the amount of short-term and long-term prepayments of expenses attributable to one or more future accounting periods. Examples include prepayments of rent, insurance, and pension costs, and expenses incurred in connection with a solicitation campaign to be conducted in a future accounting period.

Lines 10a, b, and c. Investments—government obligations, corporate stocks and bonds. Enter the book value (which may be market value) of these investments.

Attach a schedule that lists each security held at the end of the year and shows whether the security is listed at cost (including the value recorded at the time of receipt in the case of donated securities) or end-of-year market value. Do not include amounts shown on line 2. Governmental obligations reported on line 10a are those that mature in 1 year or more. Debt securities of the U.S. Government may be reported as a single total rather than itemized. Obligations of state and municipal governments may also be reported as a lump-sum total. Do not combine U.S. Government obligations with state and municipal obligations on this schedule.

Line 11. Investments—land, buildings, and equipment. On the dashed lines to the left of column (a), enter the year-end book value (cost or other basis) and accumulated depreciation of all land, buildings, and equipment held for investment purposes, such as rental properties. In columns (a) and (b), enter the book value of all land, buildings, and equipment held for investment less accumulated depreciation. In column (c), enter the fair market value of these assets. Attach a schedule listing these investment fixed assets held at the end of the year and showing, for each item or category listed, the cost or other basis, accumulated depreciation, and book value.

Line 12. Investments—mortgage loans. Enter the amount of mortgage loans receivable held as investments but do not include program-related investments (see instructions for line 15).

Line 13. Investments—other. Enter the amount of all other investment holdings not reported on lines 10 through 12. Attach a schedule listing and describing each of these investments held at the end of the year. Show the book value for each and indicate whether the investment is listed at cost or end-of-year market value. Do not include program-related investments (see instructions for line 15).

Line 14. Land, buildings, and equipment. On the dashed lines to the left of column (a), enter the year-end book value (cost or other basis) and accumulated depreciation of all land, buildings, and equipment owned by the organization and not held for investment. In columns (a) and (b), enter the book value of all land, buildings, and equipment not held for investment less accumulated depreciation. In column (c), enter the fair market value of these assets. Include any property, plant, and equipment owned and used by the organization to conduct its charitable activities. Attach a schedule listing these fixed assets held at the end of the year and showing the cost or other basis, accumulated depreciation, and book value of each item or category listed.

Line 15. Other assets. List and show the book value of each category of assets not reportable on lines 1 through 14. Attach a separate schedule if more space is needed.

One type of asset reportable on line 15 is program-related investments. These are investments made primarily to accomplish a charitable purpose of the filing organization with no significant purpose to produce income.

Line 16. Total assets. All filers must complete line 16 of columns (a), (b), and (c). These entries represent the totals of lines 1 through 15 of each column. However, foundations that have assets of less than $5,000 per books at all times during the year need not complete lines 1 through 15 of column (c).

TIP *The column (c) amount is also entered on the entry space for I in the Heading section on page 1.*

Line 17. Accounts payable and accrued expenses. Enter the total of accounts payable to suppliers and others and accrued expenses, such as salaries payable, accrued payroll taxes, and interest payable.

Line 18. Grants payable. Enter the unpaid portion of grants and awards the organization has made a commitment to pay other organizations or individuals, whether or not the commitments have been communicated to the grantees.

Line 19. Deferred revenue. Include revenue that the organization has received but not yet earned as of the balance sheet date under its method of accounting.

Line 20. Loans from officers, directors, trustees, and other disqualified per-sons. Enter the unpaid balance of loans received from officers, directors, trustees, and other disqualified persons. For loans outstanding at the end of the year, attach a schedule that shows (for each loan) the name and title of the lender and the information listed in items 2 through 10 of the instructions for line 6 above.

Line 21. Mortgages and other notes payable. Enter the amount of mortgages and other notes payable at the beginning and end of the year. Attach a schedule showing, as of the end of the year, the total amount of all mortgages payable and, for each nonmortgage note payable, the name of the lender and the other information specified in items 2 through 10 of the instructions for line 6. The schedule should also identify the relationship of the lender to any officer, director, trustee, foundation manager, or other disqualified person.

Line 22. Other liabilities. List and show the amount of each liability not reportable on lines 17 through 21. Attach a separate schedule if more space is needed.

Lines 24 Through 31. Net Assets or Fund Balances

Foundations that follow SFAS 117 (ASC 958). If the foundation follows SFAS 117 (ASC 958), check the box above line 24. Classify and report net assets in three groups—unrestricted, temporarily restricted, and permanently restricted—based on the existence or absence of donor-imposed restrictions and the nature of those restrictions. Show the sum of the three classes of net assets on line 30. On line 31, add the amounts on lines 23 and 30 to show total liabilities and net assets. This figure should be the same as the figure for total assets on line 16.

Line 24. Unrestricted. Enter the balances per books of the unrestricted class of net assets. Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. All funds without donor-imposed restrictions must be classified as unrestricted, regardless of the existence of any board designations or appropriations.

Line 25. Temporarily restricted. Enter the balances per books of the temporarily restricted class of net assets. Donors' temporary restrictions may require that resources be used in a later period or after a specified date (time restrictions), or that resources be used for a specified purpose (purpose restrictions), or both.

Line 26. Permanently restricted. Enter the total of the balances for the permanently restricted class of net assets. Permanently restricted net assets are (a) assets, such as land or works of art, donated with stipulations that they be used for a specified purpose, be preserved, and not be sold or (b) assets donated with stipulations that they be invested to provide a permanent source of income. The latter result from gifts and bequests that create permanent endowment funds.

Foundations that do not follow SFAS 117 (ASC 958). If the foundation does not follow SFAS 117 (ASC 958), check the box above line 27 and report account balances on lines 27 through 29. Report net assets or fund balances on line 30. Also complete line 31 to report the sum of the total liabilities and net assets/fund balances.

Line 27. Capital stock, trust principal, or current funds. For corporations, enter the balance per books for capital stock accounts. Show par or stated value (or for stock with no par or stated value, total amount received upon issuance) of all classes of stock issued and, as yet, uncanceled. For trusts, enter the amount in the trust principal or corpus account. For foundations continuing to use the fund method of accounting, enter the fund balances for the foundation's current restricted and unrestricted funds.

Line 28. Paid-in or capital surplus, or land, building, and equipment fund. Enter the balance per books for all paid-in capital in excess of par or stated value for all stock issued and uncanceled. If stockholders or others gave donations that the organization records as paid-in capital, include them here. Report any current-year donations you included on line 28 in Part I, line 1. The fund balance for the land, building, and equipment fund would be entered here.

Line 29. Retained earnings, accumulated income, endowment, or other funds. For corporations, enter the balance in the retained earnings, or similar account, minus the cost of any corporate treasury stock. For trusts, enter the balance per books in the accumulated income or similar account. For foundations using fund accounting, enter the total of the fund balances for the permanent and term endowment funds as well as balances of any other funds not reported on lines 27 and 28.

Line 30. Total net assets or fund balances. For foundations that follow SFAS 117 (ASC 958), enter the total of lines 24 through 26. For all other foundations, enter the total of lines 27 through 29. Enter the beginning-of-year figure in Part III, line 1. The end-of-year figure in column (b) must agree with the figure in Part III, line 6.

Line 31. Total liabilities and net assets/fund balances. Enter the total of lines 23 and 30. This amount must equal the amount for total assets reported on line 16 for both the beginning and end of the year.

Part III. Analysis of Changes in Net Assets or Fund Balances

Generally, the excess of revenue over expenses accounts for the difference between the net assets at the beginning and end of the year.

On Part III, line 2, re-enter the figure from Part I, line 27(a), column (a).

On lines 3 and 5, list any changes in net assets that were not caused by the receipts or expenses shown in Part I, column (a). For example, if a foundation follows SFAS 115 (ASC 320-10-35) and shows an asset in the ending balance sheet at a higher value than in the beginning balance sheet because of an increased market value (after a larger decrease in a prior year), include the increase in Part III, line 3.

If the organization uses a stepped-up basis to determine gains on sales of assets included in Part I, column (a), then include the amount of step-up in basis in Part III. If you entered a contribution, gift, or grant of property valued at fair market value in Part I, line 25, column (a), the difference between fair market value and book value should be shown in the books of account and as a net asset adjustment in Part III.

Part IV. Capital Gains and Losses for Tax on Investment Income

Use Part IV to figure the amount of net capital gain to report on lines 7 and 8 of Part I.

Part IV does not apply to foreign organizations.

Nonoperating private foundations may not have to figure their short-term capital gain or loss on line 3. See *Nonoperating private foundations* earlier.

Reportable gains and losses. Capital gains or losses include gains or losses from the sale or other disposition of property that:

- Is used for a charitable purpose,
- Is held for investment, or
- Is used in the production of income. Do not include the gain or loss that is included in figuring the foundation's unrelated business taxable income.

However, do not include gains or losses for any portion of property if:

- The property was used for 1 year or more in furthering the foundation's exempt purpose or function, and
- Immediately following the use, is exchanged for property of like kind that is to be used primarily in furthering the foundation's exempt purpose or function. Rules similar to the rules of section 1031 relating to exchange of property held for productive use or investment apply. See *Gross Investment Income* earlier.

Capital gains and losses may arise from the deemed sale of section 1256 contracts (marked to market).

Basis. The basis for determining gain from the sale or other disposition of property is the larger of:

- The fair market value of the property on December 31, 1969, plus or minus all adjustments after December 31, 1969, and before the date of disposition, if the foundation held the property on that date and continuously after that date until disposition, or

- The basis of the property on the date of disposition under normal basis rules (actual basis). See sections 1011–1022.

To figure a loss, basis on the date of disposition is determined under normal basis rules.

The rules that generally apply to property dispositions reported in this part are:

- Section 1011, adjusted basis for determining gain or loss;
- Section 1012, basis of property-cost;
- Section 1014, basis of property acquired from a decedent before 2010;
- Section 1015, basis of property acquired by gifts and transfers in trust;
- Section 1016, adjustments to basis; and
- Section 1022, basis of property acquired from a decedent after 2009.

TIP *Section 1015 provides in some circumstances for a carryover basis of property acquired by gift, i.e., the basis in the hands of the donor carries over to* *the foundation. Section 1014 generally provides for a stepped-up basis of property acquired by bequest (other than an item of income in respect of a decedent), i.e., the fair market value of the property at the decedent's death. For property acquired from a decedent dying after December 31, 2009, however, section 1022 modifies the stepped-up basis rule.*

Losses. If the disposition of investment property results in a loss, that loss may be subtracted from capital gains realized from the disposition of property during the same tax year but only to the extent of the gains. If losses are more than gains, the excess may not be subtracted from gross investment income nor may the losses be carried back or forward to other tax years.

Reporting Transactions in Part IV

Publicly traded securities. For sales of publicly traded securities through a broker, enter the description “publicly traded securities” on line 1, column (a). Leave columns (b), (c), and (d) blank. Total the gross sales price, the cost or other basis, and the expense of sale on all such securities sold. Report these lump-sum figures in columns (e) through (l), as appropriate. You must maintain detailed records of each transaction in your books and records.

Publicly traded securities are securities that are listed and regularly traded on an over-the-counter market or an established exchange in which market quotations are published or otherwise readily available. Securities include:

- Common and preferred stock,
- Bonds (including governmental obligations), and
- Mutual fund shares.

Other gains and losses. For sales of anything other than publicly traded securities sold, each transaction must be listed and reported separately, completing all appropriate columns in Part IV.

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

This part is used by domestic private foundations (exempt and taxable) to determine whether they qualify for the reduced 1% tax under section 4940(e) on net investment income rather than the 2% tax on net investment income under section 4940(a).

Do not complete Part V if this is the organization's first year. A private foundation cannot qualify under section 4940(e) for its first year of existence, nor can a former public charity qualify for the first year it is treated as a private foundation.

A separate computation must be made for each year in which the foundation wants to qualify for the reduced tax.

Line 1, column (b). Enter the amount of adjusted qualifying distributions made for each year shown. The amounts in column (b) are taken from Part XII, line 6 of the Form 990-PF for 2008–2012.

Line 1, column (c). Enter the net value of non-charitable-use assets for each year. The amounts in column (c) are taken from Part X, line 5, for 2008–2012.

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

General Rules

Domestic exempt private foundations. These foundations are subject to a 2% tax on net investment income under section 4940(a). However, certain exempt operating foundations described in section 4940(d)(2) may not owe any tax, and certain private foundations that meet the requirements of section 4940(e) may qualify for a reduced tax of 1% (see the Part V instructions).

Exception. The section 4940 tax does not apply to an organization making an election under section 41(e)(6). Enter “N/A” in Part VI.

Domestic taxable private foundations and section 4947(a)(1) nonexempt charitable trusts. These organizations are subject to a modified 2% tax on net investment income under section 4940(b). (See Part V and its instructions to find out if they meet the requirements of section 4940(e) that allows them to use a modified 1% tax on net investment income.) However, they must first compute the tax under section 4940(a) as if that tax applied to them.

Foreign organizations. Under section 4948, exempt foreign private foundations are subject to a 4% tax on their gross investment income derived from U.S. sources.

Under new section 871(m) added by the Hiring Incentives to Restore Employment Act (HIRE), a "dividend equivalent" is treated as a dividend from U.S. sources for certain purposes, including U.S. withholding tax rules applicable to foreign organizations. See section 871(m) for more information.

Taxable foreign private foundations that filed Form 1040NR, U.S. Nonresident Alien Income

Tax Return, or Form 1120-F, U.S. Income Tax Return of a Foreign Corporation, enter “N/A” in Part VI.

Estimated tax. Domestic exempt and taxable private foundations and section 4947(a)(1) nonexempt charitable trusts may have to make estimated tax payments for the excise tax based on investment income. See *General Instruction O* for more information.

Tax Computation

Line 1a only applies to domestic exempt operating foundations described in section 4940(d)(2) that have a ruling or determination letter from the IRS establishing exempt operating foundation status. If your organization does not have this letter, skip line 1a.

Line 1a. A domestic exempt private foundation that qualifies as an exempt operating foundation under section 4940(d)(2) is not liable for any tax on net investment income on this return.

If your organization qualifies, check the box and enter the date of the ruling or determination letter on line 1a and enter "N/A" on line 1. Leave the rest of Part VI blank. For the first year, the organization must attach a copy of the ruling or determination letter establishing exempt operating foundation status. As long as the organization retains this status, write the date of the ruling or determination letter in the space on line 1a. If the organization no longer qualifies under section 4940(d)(2), leave the date line blank and compute the section 4940 tax in the normal manner.

Qualification. To qualify as an exempt operating foundation for a tax year, an organization must meet the following requirements of section 4940(d)(2).

- It is an operating foundation described in section 4942(j)(3).
- It has been publicly supported for at least 10 tax years or was a private operating foundation on January 1, 1983, or for its last tax year ending before January 1, 1983.

- Its governing body, at all times during the tax year, consists of individuals less than 25% of whom are disqualified individuals and is broadly representative of the general public.
- It has no officer who was a disqualified individual at any time during the tax year.

Line 1c. Exempt foreign organizations should not include net capital gain income when computing the excise tax due under section 4948(a).

Line 2. Section 511 tax. Under section 4940(b), a domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation must add to the tax figured under section 4940(a) (on line 1) the tax which would have been imposed under section 511 for the tax year if it had been exempt from tax under section 501(a). If the domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation has unrelated business taxable income that would have been subject to the tax imposed by section 511, the computation of tax must be shown in an attachment. Form 990-T may be used as the attachment. All other filers, enter zero.

Line 4. Subtitle A tax. Domestic section 4947(a)(1) nonexempt charitable trusts and taxable private foundations, enter the amount of subtitle A (income) tax for the year reported on Form 1041 or Form 1120. All other filers, enter zero.

Line 5. Tax based on investment income. Subtract line 4 from line 3 and enter the difference (but not less than zero) on line 5. Any overpayment entered on line 10 that is the result of a negative amount shown on line 5 will not be refunded. Unless the organization is a domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation, the amount on line 5 is the same as on line 1.

Line 6a. Enter the amount of 2013 estimated tax payments and any 2012 overpayment of taxes that the organization specified on its 2012 return to be credited toward payment of 2013 estimated taxes.

CAUTION *Line 6a applies only to domestic foundations.*

Trust payments treated as beneficiary payments. A trust may treat any part of estimated taxes it paid as taxes paid by the beneficiary. If the filing organization was a beneficiary that received the benefit of such a payment from a trust, include the amount on line 6a of Part VI and write, “Includes section 643(g) payment.” See section 643(g) for more information about estimated tax payments treated as paid by a beneficiary.

Line 6b. Exempt foreign foundations must enter the amount of tax withheld at the source. Attach Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, or other form that verifies the withheld tax reported on line 6b (Form 8288-A or Form 8805).

Line 6d. Enter the amount of any backup withholding erroneously withheld. Recipients of interest or dividend payments must generally certify their correct tax identification number to the bank or other payer on Form W-9, Request for Taxpayer Identification

Number and Certification. If the payer does not get this information, it must withhold part of the payments as “backup withholding.” If the organization files Form 990-PF and was subject to erroneous backup withholding because the payer did not realize the payee was an exempt organization and not subject to this withholding, the organization can claim credit for the amount withheld.

Do not claim erroneous backup withholding on line 6d if you claim it on Form 990-T.

Line 8. Penalty. Enter any penalty for underpayment of estimated tax shown on Form 2220. Form 2220 is used by both corporations and trusts.

Line 9. Tax due. Domestic foundations should see *General Instruction P.*

All foreign organizations should enclose a check or money order (in U.S. funds), made payable to the United States Treasury, with Form 990-PF.

Amended return. If you are amending Part VI, be sure to combine any tax due that was paid with the original return (or any overpayment credited or refunded) in the total for line 7. On the dotted line to the left of the line 7 entry space, write “Tax Paid w/ O.R.” and the amount paid. If you had an overpayment, write “O.R. Overpayment” and the amount credited or refunded in brackets.

If you file more than one amended return, attach a schedule listing the tax due amounts that were paid and overpayment amounts that were credited or refunded. Write “See Attachment” on the dotted line and enter the net amount in the entry space for line 7.

Part VII-A. Statements Regarding Activities

Each question in this section must be answered “Yes,” “No,” or “N/A” (not applicable).

Line 1. “Political purposes” include, but are not limited to, directly or indirectly accepting contributions or making payments to influence the selection, nomination, election, or appointment of any individual to any federal, state, or local public office or office in a political organization, or the election of presidential or vice presidential electors, whether or not the individual or electors are actually selected, nominated, elected, or appointed.

Line 3. A “conformed copy” of an organizational document is one that agrees with the original document and all its amendments. If copies are not signed, attach a written declaration signed by an officer authorized to sign for the organization, certifying that they are complete and accurate copies of the original documents.

Note. If you are filing electronically, send a conformed copy of the changes to the IRS at the address listed in *General Instruction U*.

Line 6. For a private foundation to be exempt from income tax, its governing instrument must include provisions that require it to act or refrain from acting so as not to engage in an act of self-dealing (section 4941) or subject the foundation to the taxes imposed by sections 4942 (failure to distribute income), 4943 (excess business holdings), 4944 (investments which jeopardize charitable purpose), and 4945 (taxable expenditures). A private foundation may satisfy these section 508(e) requirements either by express language in its governing instrument or by application of state law that imposes the above requirements on the foundation or treats these requirements as being contained in the governing instrument. If an organization claims it satisfies the requirements of section 508(e) by operation of state law, the provisions of state law must effectively impose the section 508(e) requirements on the organization. See Rev. Rul. 75-38, 1975-1 C.B. 161, for a list of states with legislation that satisfies the requirements of section 508(e).

However, if the state law does not apply to a governing instrument that contains mandatory directions conflicting with any of its requirements and the organization has such mandatory directions in its governing instrument, then the organization has not satisfied the requirements of section 508(e) by the operation of that legislation.

Line 6 does not apply to foreign foundations described in section 4948(b).

Line 8a. In the space provided list all states:

1. To which the organization reports in any way about its organization, assets, or activities; and

2. With which the organization has registered (or which it has otherwise notified in any manner) that it intends to be, or is, a charitable organization or that it is, or intends to be, a holder of property devoted to a charitable purpose.

Attach a separate list if you need more space.

Line 8 does not apply to foreign foundations described in section 4948(b).

Line 8b. If the organization has not furnished a copy of its Form 990-PF to the Attorney General (or his or her designate) of each state required to be listed in the response to line 8a, then explain in an attached statement why not. If the Attorney General (or his or her designate) will not accept such filings, then so state.

Line 9. If the organization claims status as a private operating foundation for 2013 and, in fact, meets the private operating foundation requirements for that year (as reflected in Part XIV), any excess distributions carryover from 2012 or prior years may not be carried over to 2013 or any year after 2013 even if it does not meet the private operating foundation requirements. See the instructions for Part XIII.

Line 10. Substantial contributors. If you answer “Yes,” attach a schedule listing the names and addresses of all persons who became substantial contributors during the year.

The term “substantial contributor” means any person whose contributions or bequests during the current tax year and prior tax years total more than $5,000 and are more than 2% of the total contributions and bequests received by the foundation from its creation through the close of its tax year. In the case of a trust, the term “substantial contributor” also means the creator of the trust (section 507(d)(2)(A)).

The term “person” includes individuals, trusts, estates, partnerships, associations, corporations, and other exempt organizations.

Each contribution or bequest must be valued at fair market value on the date it was received.

Any person who is a substantial contributor on any date will remain a substantial contributor for all later periods.

However, a person will cease to be a substantial contributor with respect to any private foundation if:

1. The person, and all related persons, made no contributions to the foundation during the 10-year period ending with the close of the taxable year;
2. The person, or any related person, was never the foundation's manager during this 10-year period; and

3. The aggregate contributions made by the person, and related persons, are determined by the IRS to be insignificant compared to the aggregate amount of contributions to the foundation by any other person and the appreciated value of contributions held by the foundation.

The term “related person” includes any other person who would be a disqualified person because of a relationship with the substantial contributor (section 4946). When the substantial contributor is a corporation, the term also includes any officer or director of the corporation. The term “substantial contributor” does not include public charities (organizations described in section 509(a)(1), (2), or (3)).

A foreign foundation described in section 4948(b) should report only substantial contributors that are U.S. citizens.

Line 11. Answer “Yes” if at any time during the tax year the foundation owned a controlled entity. A controlled entity is an entity in which the foundation owns more than 50% of the:

1. Stock (by vote or value) in a corporation,
2. Interest (of profit or capital) in a partnership, or
3. Beneficial interest of any other entity.

The foundation must apply section 318 in determining its ownership of stock in a corporation and use similar principles in determining its ownership interests in other entities.

Attached schedule of controlled entities. If at any time during the tax year the foundation was the controlling organization of a controlled entity under section 512(b)(13), attach a schedule listing the name, address, and employer identification number of each controlled entity and stating whether the controlled entity is an excess business holding.

Attached schedule for transfers to controlled entities. If at any time during the tax year, the foundation made any loans or transfers to a corporation, partnership, or other entity, which it controlled within the meaning of section 512(b)(13), attach a schedule using the format provided in the sample schedule, Line 11 - Example A, later. In column (c), describe each loan or transfer. In column (d), enter the amount for each loan or transfer to each controlled entity.

Attached schedule for transfers from controlled entities. If at any time during the tax year, the foundation received any transfers of funds or payments from a controlled entity within the meaning of section 512(b)(13), attach a schedule using the format provided in the sample schedule, Line 11 - Example B, later. In column (c), describe each transfer or payment received, including payment of interest, annuities, royalties, rents, dividends, fees or other payments for services, contributions to capital, and loans. In column (d), enter the amount of each loan or transfer from each controlled entity.

Note. For both schedules, if additional space is needed, make a copy of the schedule, and enter one total amount on the first page of the schedule.

Line 12. Distribution to a donor advised fund. If a distribution was made from the foundation to a donor advised fund over which the foundation or a disqualified person had advisory privileges, then in an attachment state whether the foundation treated any distribution to a donor advised fund as a qualifying distribution, and explain how the distributions will be used to accomplish a purpose described in section 170(c)(2)(B).

Line 13. Public inspection requirements and website address. All domestic private foundations (including section 4947(a)(1) nonexempt charitable trusts treated as private foundations) are subject to the public inspection requirements. See *General Instruction Q* for information on making the foundation's annual returns and exemption application available for public inspection.

Enter the foundation's website address if the foundation has a website. Otherwise, enter “N/A.”

Line 15. Section 4947(a)(1) trusts. Section 4947(a)(1) nonexempt charitable trusts that file Form 990-PF instead of Form 1041 must complete this line. The trust should include exempt-interest dividends received from a mutual fund or other regulated investment company as well as tax-exempt interest received directly.

Line 16. Foreign Accounts. Answer “Yes” if either (1) or (2) below applies.

1. At any time during the calendar year ending with or within the foundation's tax year, the foundation had an interest in, or signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account); and

   a. The combined value of all such accounts was more than $10,000 at any time during the calendar year; and

b. The accounts were not with a U.S. military banking facility operated by a U.S. financial institution.

2. The foundation owns more than 50% of the stock in any corporation that would answer “Yes” to item 1 above.

If “Yes,” electronically file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) (formerly TD F 90–22.1), by June 30, 2014, with the Department of the Treasury using the FinCEN's BSA E-Filing System. Because FinCEN Form 114 is not a tax form, do not file it with Form 990-PF.

See *www.fincen.gov* for more information.

If you are required to file FinCEN Form 114 but do not do so, you may have to pay a penalty of up to $10,000 (more in some cases).

Enter the name of each foreign country in which a foreign account described on line 16 is located.

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

The purpose of these questions is to determine whether there is any initial excise tax due under sections 4941-4945, 170(f)(10), and 4965. If the answer is “Yes” to the question on line 1b, 1c, 2b, 3b, 4a, 4b, 5b, 6b, or 7b, complete and file Form 4720 unless an exception applies. Foundations described in section 4948(b) must complete Part VII-B (except line 2) but are not required to file Form 4720. Organizations in a 60-month termination under section 507(b)(1)(B) must complete this part but might not be liable for private foundation excise taxes—see *General Instructions U* and *V*.

Line 1. Self-dealing. The activities listed in lines 1a(1)–(6) are considered self-dealing under section 4941 unless one of the exceptions applies. See *www.irs.gov/charities/foundations/Acts of self-dealing*.

The terms “disqualified person” and “foundation manager” are defined in *General Instruction C*.

Line 11—Example A
Statement of Information Regarding Transfers To a Controlled Entity

(A) Name and address of each controlled entity		(B) Employer identification number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
d				
e				
Total				

Line 11—Example B
Statement of Information Regarding Transfers From a Controlled Entity

(A) Name and address of each controlled entity		(B) Employer identification number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
d				
e				
Total				

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