Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2009

For calendar year 2009, or tax year beginning , 2009, and ending ,

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation: The Midgard Foundation

A Employer identification number: 13-6206619

Number and street (or P O box number if mail is not delivered to street address) / Room/suite: P.O. Box 7286

B Telephone number (see the instructions): (828) 253-0304

City or town: Asheville State: NC ZIP code: 28802

C If exemption application is pending, check here ► [ ]

D 1 Foreign organizations, check here ► [ ]

2 Foreign organizations meeting the 85% test, check here and attach computation ► [ ]

H Check type of organization. [X] Section 501(c)(3) exempt private foundation
[ ] Section 4947(a)(1) nonexempt charitable trust [ ] Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ► [ ]

I Fair market value of all assets at end of year *(from Part II, column (c), line 16)* ► $ 2,533,728.

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

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► [ ]

Part I Analysis of Revenue and Expenses *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions))*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
REVENUE	1 Contributions, gifts, grants, etc, received (att sch)	0.			
	2 Ck ► [X] if the foundn is **not** req to att Sch B				
	3 Interest on savings and temporary cash investments	306.	306.		
	4 Dividends and interest from securities	48,670.	48,670.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	2,339.			
	b Gross sales price for all assets on line 6a 586,181.				
	7 Capital gain net income (from Part IV, line 2)		1,475.		
	8 Net short-term capital gain			0.	
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit/(loss) (att sch)				
	11 Other income (attach schedule)				
	12 **Total.** Add lines 1 through 11	51,315.	50,451.	0.	
ADMINISTRATIVE AND EXPENSES	13 Compensation of officers, directors, trustees, etc	0.			
	14 Other employee salaries and wages	0.			
	15 Pension plans, employee benefits	0.			
	16a Legal fees (attach schedule)	1,180.			
	b Accounting fees (attach sch)				
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule)(see instr) See Line 18 Stmt	6,329.	1,121.		
	19 Depreciation (attach sch) and depletion	0.			
	20 Occupancy	0.			
	21 Travel, conferences, and meetings	595.			595.
	22 Printing and publications				
	23 Other expenses (attach schedule) See Line 23 Stmt	9,164.	6,200.		1,980.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	17,268.	7,321.		2,575.
	25 Contributions, gifts, grants paid	150,300.			150,300.
	26 **Total expenses and disbursements.** Add lines 24 and 25	167,568.	7,321.		152,875.
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	-116,253.			
	b **Net investment income** (if negative, enter -0-)		43,130.		
	c **Adjusted net income** (if negative, enter -0-)			0.	

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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 (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
ASSETS			
1 Cash – non-interest-bearing	216,614.	75,213.	75,213.
2 Savings and temporary cash investments	221,495.	464,963.	464,963.
3 Accounts receivable ►			
Less: allowance for doubtful accounts ►			
4 Pledges receivable ►			
Less: allowance for doubtful accounts ►			
5 Grants receivable			
6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions)			
7 Other notes and loans receivable (attach sch) ►			
Less· allowance for doubtful accounts ►			
8 Inventories for sale or use			
9 Prepaid expenses and deferred charges			
10a Investments – U.S. and state government obligations (attach schedule)	0.		
b Investments – corporate stock (attach schedule) L-10b Stmt	1,463,892.	1,255,904.	1,752,718.
c Investments – corporate bonds (attach schedule)			
11 Investments – land, buildings, and equipment basis ►			
Less accumulated depreciation (attach schedule) ►			
12 Investments – mortgage loans			
13 Investments – other (attach schedule) L-13 Stmt.	253,279.	241,734.	240,834.
14 Land, buildings, and equipment. basis ►			
Less accumulated depreciation (attach schedule) ►			
15 Other assets (describe ►)			
16 **Total assets** (to be completed by all filers – see instructions. Also, see page 1, item I)	2,155,280.	2,037,814.	2,533,728.
LIABILITIES			
17 Accounts payable and accrued expenses			
18 Grants payable			
19 Deferred revenue			
20 Loans from officers, directors, trustees, & other disqualified persons			
21 Mortgages and other notes payable (attach schedule)			
22 Other liabilities (describe ►)			
23 **Total liabilities** (add lines 17 through 22)			
NET ASSETS OR FUND BALANCES			
Foundations that follow SFAS 117, check here ► ☐ *and complete lines 24 through 26 and lines 30 and 31.*			
24 Unrestricted			
25 Temporarily restricted			
26 Permanently restricted			
Foundations that do not follow SFAS 117, check here ► [X] and complete lines 27 through 31.			
27 Capital stock, trust principal, or current funds	2,155,280.	2,037,814.	
28 Paid-in or capital surplus, or land, building, and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds			
30 **Total net assets or fund balances** (see the instructions)	2,155,280.	2,037,814.	
31 **Total liabilities and net assets/fund balances** (see the instructions)	2,155,280.	2,037,814.	

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	2,155,280.
2 Enter amount from Part I, line 27a	2	-116,253.
3 Other increases not included in line 2 (itemize) ► Account Adjustment	3	31.
4 Add lines 1, 2, and 3	4	2,039,058.
5 Decreases not included in line 2 (itemize) ► See Other Decreases Stmt	5	1,244.
6 Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	2,037,814.

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 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a	See Attached Schedules (Long Term)	P	11/12/91	02/03/09
b		P	to 6/9/06	to 9/09/09
c	See Attached Schedules (Short Term)	P	to 8/28/08	02/03/09
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b	582,409.		580,070.	2,339.
c	3,772.		4,636.	-864.
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				
b				2,339.
c				-864.
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	1,475.
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 the instructions) If (loss), enter -0- in Part I, line 8	3	-864.

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 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 (column (b) divided by column (c))
2008	190,375.	2,826,320.	0.067358
2007	196,056.	3,458,089.	0.056695
2006	236,908.	3,257,806.	0.072720
2005	234,756.	3,234,571.	0.072577
2004	202,156.	3,297,633.	0.061303

2	**Total** of line 1, column (d)	2	0.330653
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	0.066131
4	Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	2,448,919.
5	Multiply line 4 by line 3	5	161,949.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	431.
7	Add lines 5 and 6	7	162,380.
8	Enter qualifying distributions from Part XII, line 4	8	152,875.

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.

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

1 a Exempt operating foundations described in section 4940(d)(2), check here ► ☐ and enter 'N/A' on line 1. Date of ruling or determination letter: ________ (attach copy of letter if necessary - see instr.)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► ☐ and enter 1% of Part I, line 27b		1	863.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2		3	863.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	0.
5 **Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-		5	863.
6 Credits/Payments:			
a 2009 estimated tax pmts and 2008 overpayment credited to 2009	6a 3,026.		
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	3,026.
8 Enter any **penalty** for underpayment of estimated tax Check here ☐ 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	2,163.
11 Enter the amount of line 10 to be Credited to 2010 estimated tax ► 2,163. Refunded ►		11	

Part VII-A Statements Regarding Activities

		Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1b		X
If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ► $ ________ **(2)** On foundation managers ► $ ________			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► $ ________			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If 'Yes,' attach a detailed description of the activities.*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If 'Yes,' attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If 'Yes,' has it filed a tax return on **Form 990-T** for this year?	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If 'Yes,' attach the statement required by General Instruction T.*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If 'Yes,' complete Part II, column (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see the instructions) ► See States Registered In			
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If 'No,' attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? *If 'Yes,' complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? *If 'Yes,' attach a schedule listing their names and addresses*	10		X

Part VII-A Statements Regarding Activities *Continued*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		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?	13	X	

Website address ► N/A

14 The books are in care of ► Phillip C. Broughton Telephone no. ► (828) 253-0304

Located at ► 380 Elk Mt. Scenic Highway, Asheville, NC ZIP + 4 ► 28804-1708

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

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? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ 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)? ☐ Yes ☒ 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.) ☐ Yes ☒ 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 the instructions)?	1b		
	Organizations relying on a current notice regarding disaster assistance check here ► ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?	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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? ☐ Yes ☒ 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 the instructions.)	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ► 20__ , 20__ , 20__ , 20__ .			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If 'Yes,' did it have excess business holdings in 2009 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 2009.)*	3b		
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 2009?	4b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

			Yes	No
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 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 instructions)?		5b		
Organizations relying on a current notice regarding disaster assistance check here ► ☐				
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? *If 'Yes,' attach the statement required by Regulations section 53.4945-5(d).*	☐ Yes ☐ No			
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? *If 'Yes' to 6b, file Form 8870*		6b		X
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?		7b		

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 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
Phillip C Broughton P.O. Box 7286, Asheville, NC 28802	Pres 15.00	0.	0.	0.
Phillip C Broughton, Jr 3 Lornelle Place Asheville NC 28804	Vice Pres 1.00	0.	0.	0.
David L. Smith P.O. Box 7286, Asheville, NC 28802	Secy, Treas 3.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1— see instructions). If none, enter 'NONE.'

(a) Name and address of each employee paid more than $50,000	**(b)** Title and average hours per week devoted to position	**(c)** Compensation	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances
None				
0				
0				
0				
0				

Total number of other employees paid over $50,000 ► None

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services – (see instructions). If none, enter 'NONE.'

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ►		None

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	
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ►	

Part X **Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes.		
a Average monthly fair market value of securities	1a	1,710,092.
b Average of monthly cash balances	1b	776,120.
c Fair market value of all other assets (see instructions)	1c	
d **Total** (add lines 1a, b, and c)	1d	2,486,212.
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	2,486,212.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	37,293.
5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,448,919.
6 **Minimum investment return.** Enter 5% of line 5	6	122,446.

Part XI **Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ► ☐ and do not complete this part.)

1 Minimum investment return from Part X, line 6			1	122,446.
2a Tax on investment income for 2009 from Part VI, line 5	2a	863.		
b Income tax for 2009 (This does not include the tax from Part VI.)	2b			
c Add lines 2a and 2b			2c	863.
3 Distributable amount before adjustments Subtract line 2c from line 1			3	121,583.
4 Recoveries of amounts treated as qualifying distributions			4	
5 Add lines 3 and 4			5	121,583.
6 Deduction from distributable amount (see instructions)			6	
7 **Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1			7	121,583.

Part XII **Qualifying Distributions** (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc, purposes:		
a Expenses, contributions, gifts, etc – total from Part I, column (d), line 26	1a	152,875.
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	152,875.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	0.
6 **Adjusted qualifying distributions.** Subtract line 5 from line 4	6	152,875.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				121,583.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			140,052.	
b Total for prior years 20___, 20___, 20___				
3 Excess distributions carryover, if any, to 2009.				
a From 2004 — 202,156.				
b From 2005 — 237,425.				
c From 2006 — 239,546.				
d From 2007 — 196,056.				
e From 2008 — 190,375.				
f **Total** of lines 3a through e	1,065,558.			
4 Qualifying distributions for 2009 from Part XII, line 4 ► $ 152,875.				
a Applied to 2008, but not more than line 2a				
b Applied to undistributed income of prior years (Election required — see instructions)				
c Treated as distributions out of corpus (Election required — see instructions)				
d Applied to 2009 distributable amount				
e Remaining amount distributed out of corpus	152,875.			
5 Excess distributions carryover applied to 2009 *(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	1,218,433.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount — see instructions		0.		
e Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount — see instructions			140,052.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				121,583.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see instructions)	202,156.			
9 **Excess distributions carryover to 2010.** Subtract lines 7 and 8 from line 6a	1,016,277.			
10 Analysis of line 9.				
a Excess from 2005 — 237,425.				
b Excess from 2006 — 239,546.				
c Excess from 2007 — 196,056.				
d Excess from 2008 — 190,375.				
e Excess from 2009 — 152,875.				

Part XIV Private Operating Foundations (see 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 2009, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	(e) Total
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					
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 organization had $5,000 or more in assets at any time during the year – see instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

none

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

none

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs:**

Check here ▶ [X] 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 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:

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
***a** Paid during the year*				
Schedule Attached				
		public	general support	150,300.
Total			► 3a	150,300.
***b** Approved for future payment*				
University of NC Asheville Asheville, NC		public	scholarships	50,000.
Warren Wilson College Asheville, NC		public	scholarships	25,000.
Total			► 3b	75,000.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	(e) Related or exempt function income (see the instructions)
1 Program service revenue:					
a 0		0.		0.	0.
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		0.	0.
13 **Total.** Add line 12, columns (b), (d), and (e)				13	0.

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

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

Line No. ▼	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 the instructions.)

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

		Yes	No
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 (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a Transfers from the reporting foundation to a noncharitable exempt organization of.			
(1) Cash	1a(1)		X
(2) Other assets	1a(2)		X
b Other transactions:			
(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
(3) Rental of facilities, equipment, or other assets	1b(3)		X
(4) Reimbursement arrangements	1b(4)		X
(5) Loans or loan guarantees	1b(5)		X
(6) Performance of services or membership or fundraising solicitations .	1b(6)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is 'Yes,' complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received

(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 ☒ No

b If 'Yes,' complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

SIGN HERE

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

▶ [signature] 11/1/10 ▶ President

Signature of officer or trustee Date Title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶ ☐	Preparer's Identifying number (See **Signature** in the instrs)
Firm's name (or yours if self-employed), address, and ZIP code ▶	The Midgard Foundation 380 Elk Mountain Scenic HWY Asheville NC 28804-1708	EIN ▶ Phone no ▶	

TEEA0503 07/06/09

990-EZ, 990, 990-T and 990-PF Information Worksheet

2009

Part I – Identifying Information

Employer Identification Number	13-6206619		
Name	The Midgard Foundation		
Address	P.O. Box 7286	Room/Suite	
City	Asheville	State NC	ZIP Code 28802
Foreign Country			
Telephone Number	(828) 253-0304	Extension	
Fax	(828) 258-0729	E-Mail Address	philbrou@aol.com

☐ **Eligible for hurricane tax relief legislation benefits, check here**

Part II – Type of Return

☐ Form 990-EZ **only**
☐ Form 990 **only**
☒ Form 990-PF **only**
☐ Form 990-T **only**
☐ Form 990-EZ **with** Form 990-T
☐ Form 990 **with** Form 990-T
☐ Form 990-PF **with** Form 990-T
☐ Form 990-N (gross receipts $25,000 or less) **for Electronic Filing only**

☐ **QuickBooks Import Users & 990 to 990-EZ Data Transfer Option:** Check if you're filing the EZ & want 990 imported data copied to the EZ **OR** for those not importing from QuickBooks who transferred from prior year 990 and now qualify to file the EZ this year, check this box to transfer 990 data to the EZ.

IMPORTANT

Before transferring data from Form 990 to Form 990-EZ , refer to "How to transfer data from filing Form 990 to 990-EZ" listed above in the Most Common Support Questions or Tax Help for this line.

Part III – Type of Organization

☒ 501(c) Corporation/Association — 3 (subsection number)
☐ 501(c) Trust — ___ (subsection number)
☐ 4947(a)(1) Trust
☐ 408(e) Trust
☐ 401(a) Trust
☐ Other ________ (describe)
☐ 220(e) Trust
☐ 408A Trust
☐ 529(a) Corporation
☐ 529(a) Trust
☐ 530(a) Trust
☐ 527 Organization
☐ 501(c) Association

Part IV – Tax Year and Filing Information

☒ Calendar year
☐ Fiscal year – Ending month ____
☐ Short year – Beginning date ________ Ending date ________

☐ Check this box if the organization is enrolled in the Electronic Federal Tax Payment System (EFTPS)

Part V – 2009 Estimated Taxes Paid

☒ Check this box if the organization is a private foundation

	Form 990-T	Form 990-PF
Amount of 2008 overpayment credited to 2009 estimated tax		1,026.

		Form 990-T		Form 990-PF	
Payment Quarters	Due Date	Date Paid	Amount Paid	Date Paid	Amount Paid
1st Quarter Payment	05/15/09				
2nd Quarter Payment	06/15/09				
3rd Quarter Payment	09/15/09			09/15/09	2,000.
4th Quarter Payment	12/15/09				
Additional Payment 1					
Additional Payment 2					
Additional Payment 3					
Additional Payment 4					

The Midgard Foundation 13-6206619

Form 990-W (Worksheet)

Department of the Treasury Internal Revenue Service

Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations

(and on Investment Income for Private Foundations)

(Keep for your records. Do not send to the Internal Revenue Service.)

OMB No 1545-0976

2010

1	Unrelated business taxable income expected in the tax year	1	
2	**Tax on the amount on line 1.** See instructions for tax computation	2	
3	Alternative minimum tax (see instructions)	3	
4	Total. Add lines 2 and 3	4	
5	Estimated tax credits (see instructions)	5	
6	Subtract line 5 from line 4	6	
7	Other taxes (see instructions)	7	
8	Total. Add lines 6 and 7	8	
9	Credit for federal tax paid on fuels (see instructions)	9	
10a	Subtract line 9 from line 8 **Note.** If less than $500, the organization is not required to make estimated tax payments. Private foundations, see instructions — 10a: 863.		
b	Enter the tax shown on the 2009 return (see instructions). **Caution.** If zero or the tax year was for less than 12 months, skip this line and enter the amount from line 10a on line 10c — 10b: 863.		
c	**2010 Estimated Tax.** Enter the smaller of line 10a or line 10b If the organization is required to skip line 10b, enter the amount from line 10a on line 10c	10c	863.

		(a)	(b)	(c)	(d)
11 **Installment due dates** (see instructions)	11	05/17/10	06/15/10	09/15/10	12/15/10
12 **Required installments.** Enter 25% of line 10c in columns **(a)** through **(d)** unless the organization uses the annualized income installment method, the adjusted seasonal installment method, or is a 'large organization' (see instructions)	12	216.	216.	216.	216.
13 **2009 Overpayment.** (see instructions)	13				
14 **Payment due.** (Subtract line 13 from line 12)	14	216.	216.	216.	216.

BAA For Paperwork Reduction Act Notice, see separate instructions. Form **990-W** (2010)

2009 Grants Midgard Foundation - Last year

1/1/2009 through 12/31/2009

Description	Amount
Asheville Art Museum	-70,700.00
Asheville Humane Society	-250.00
Asheville Loves Henry	-500.00
BGSU Foundation	-250.00
Black Mountain College Museum & Arts Ctr	-100.00
Child & Family Agency of SE CT	-200.00
Diana Wortham Theater	-1,750.00
Fine Arts League of the Carolinas	-500.00
First Congregational Church of Old Lyme	-3,500.00
Florence Griswold Museum	-700.00
Helpmate, Inc	-1,500.00
Jefferson County Open School	-2,000.00
Lyme Academy College of Fine Arts	-200.00
Lymes' Youth Service Bureau	-100.00
North Carolina Museum Of Art Foundation	-500.00
Old Lyme Childrens Learning Center	-100.00
Old Lyme Conservation Trust	-200.00
Old Lyme Phoebe Griffin Noyes Library	-500.00
Our Voice	-250.00
Oxfam GB	-500.00
Penland School Of Crafts	-1,500.00
Pisgah Legal Services	-1,000.00
PMC JIMMY FUND	-750.00
Prostate Cancer Research Institute	-500.00
Quality Forward	-100.00
River Link	-500.00
The Health Adventure	-2,000.00
The Preservation Society of A and B	-150.00
UNCA Foundation	-25,000.00
United Way of Asheville & Buncombe County	-6,000.00
University of Michigan	-300.00
Warren Wilson College	-25,000.00
WCQS Public Radio	-2,000.00
Western NC Aids Project	-600.00
WNCAP	-100.00
Youth OUTright	-500.00
OVERALL TOTAL	-150,300.00

Form 990-PF, Page 1, Part I, Line 18
Line 18 Stmt

Taxes (see the instructions)	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
Federal Tax	4,685.			
NY State Filing Fee	523.			
Foreign Tax Withheld	1,121.	1,121.		
Total	6,329.	1,121.		

Form 990-PF, Page 1, Part I, Line 23
Line 23 Stmt

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
Investment Expense	3,911.	6,200.		
Insurance	725.			
Program Expense	680.			680.
Office General	2,594.			1,300.
Dues	495.			
Supplies	199.			
Equipment Rental	560.			
Total	9,164.	6,200.		1,980.

Form 990-PF, Page 2, Part III, Line 5
Other Decreases Stmt

Basis Reduction- El Paso Partners Return of Capital	380.
Short Term loss Adjustment	864.
Total	1,244.

Form 990-PF, Page 4, Part VII-A, Line 8a
States Registered In

NY - New York
NC - North Carolina

Form 990-PF, Page 2, Part II, Line 10b
L-10b Stmt

Line 10b - Investments - Corporate Stock:	End of Year Book Value	End of Year Fair Market Value
400 Anadarko Pete Corp	26,762.	23,812.
300 Chesapeake Energy Corp Pfd	25,208.	23,397.
300 China Life Ins Co	20,781.	23,700.
2000 Pfizer Inc	35,506.	36,340.
250 Potash Corp	24,234.	28,105.
300 Telefonica SA	25,260.	25,989.
2000 Bank of America	78,376.	30,120.
800 Clorox Co	10,116.	48,800.
1000 ConocoPhillips	79,958.	51,070.
2000 Johnson & Johnson	52,606.	128,820.
4000 Microsoft Corp	109,695.	121,920.

Form 990-PF, Page 2, Part II, Line 10b Continued
L-10b Stmt

Line 10b - Investments - Corporate Stock:	End of Year Book Value	Fair Market Value
2 Berkshire Hathaway A	120,789.	198,400.
3000 Altria Group Inc	62,830.	58,890.
1000 CVS Caremark Corp	38,628.	32,210.
3000 Emerson Electric Co	42,748.	127,800.
1500 Exxon Mobil	23,843.	102,285.
4000 General Electric	54,855.	60,520.
2000 Lowes Copanies	58,581.	46,780.
3000 Nestle SA	65,898.	145,683.
2000 Procter & Gamble	55,487.	121,260.
2000 US Bancorp	68,247.	45,020.
1500 United Technologies	69,410.	104,115.
1000 Zimmer Holdings	84,115.	59,110.
2000 Reckitt Benckiser Group	21,971.	108,572.
Total	1,255,904.	1,752,718.

Form 990-PF, Page 2, Part II, Line 13
L-13 Stmt

Line 13 - Investments - Other:	End of Year Book Value	Fair Market Value
1000 El Paso Pipeline Partnership	21,819.	23,700.
400 ISaares MSCI Brazil Index	30,135.	30,588.
600 IShares Midcap Growth Index	26,312.	25,698.
600 IShares DJ US Technology Index	31,721.	32,472.
500 IShares S&P Small Cap Index	26,901.	25,355.
400 Vanguard Materials Vipers	26,421.	26,760.
500 Vanguard Emerging markets Vipers	20,228.	20,150.
653 Fidelity Select Energy	30,059.	27,491.
1000 Select Spider Cons Discretionary	28,138.	28,620.
Total	241,734.	240,834.

2009 Realized Capital Gains/Losses

CUSIP/Security Description Quantity	Date Acquired	Date Sold	Sale Proceeds	Original Cost Basis	Adj/Avg Cost Basis	Gain/Loss Orig. Cost	Gain/Loss Adj/Avg Cost
SHORT TERM GAIN LOSS							
782493431/RUSSELL EMERGING MARKETS							
320 08	12/23/08	02/03/09	2,762.28	3,031.15	5,920.32	(268.87)	(3,158.05)
782494496/RUSSELL INTERNATIONAL DEVELOPE							
46.95	08/28/08	02/03/09	1,009 85	1,605.12	2,049.36	(595.27)	(1,039 51)
SUBTOTAL SHORT TERM GAIN LOSS			3,772.13	4,636.27	7,969.68	(864.14)	(4,197.56)
LONG TERM GAIN LOSS							
084670108/BERKSHIRE HATHAWAY							
1 00	01/12/99	09/09/09	97,217.55	63,739.50	0.00	33,478.05	0 00
291011104/EMERSON ELEC COMPANY							
200.00	10/26/92	09/09/09	7,521.36	2,579.00	0.00	4,942 36	0 00
30231G102/EXXON MOBIL CORPORATION							
100.00	03/08/93	09/09/09	6,990.83	1,589 50	0 00	5,401.33	0 00
400.00	11/12/91	09/09/09	27,963.31	6,070 50	0 00	21,892.81	0 00
SECURITY TOTAL:			34,954.14	7,660.00	0.00	27,294.14	0.00
641069406/NESTLE S A SPONSORED ADR							
2000 00	08/22/02	09/09/09	81,958 30	43,932 28	0 00	38,026.02	0.00
742718109/PROCTER & GAMBLE COMPANY							
200.00	07/03/00	09/09/09	10,637 25	5,548 70	0 00	5,088 55	0.00
782493431/RUSSELL EMERGING MARKETS							
1995 85	Various	02/03/09	17,224 18	41,152.79	36,916 12	(23,928 61)	(19,691 94)
4127 68	06/09/06	02/03/09	35,621.90	75,000.00	76,347 48	(39,378.10)	(40,725 59)
SECURITY TOTAL:			52,846.08	116,152.79	113,263.60	(63,306.71)	(60,417.53)
782494496/RUSSELL INTERNATIONAL DEVELOPE							
732 08	Various	02/03/09	15,747 15	32,490 00	31,956 92	(16,742 85)	(16,209 77)

2009 Realized Capital Gains/Losses (continued)

CUSIP/Security Description Quantity	Date Acquired	Date Sold	Sale Proceeds	Original Cost Basis	Adj/Avg Cost Basis	Gain/Loss Orig. Cost	Gain/Loss Adj/Avg Cost
LONG TERM GAIN LOSS							
782494496/RUSSELL INTERNATIONAL DEVELOPE(Con't)							
2292 88	06/09/06	02/03/09	49,319.94	100,000 00	100,088.83	(50,680.06)	(50,768 89)
SECURITY TOTAL:			65,067.09	132,490.00	132,045.75	(67,422.91)	(66,978.66)
G74079107/RECKITT BENCKISER GROUP PLC							
1000 00	12/29/99	09/09/09	47,632 62	10,264 30	0.00	37,368.32	0 00
SUBTOTAL LONG TERM GAIN LOSS			397,834.39	382,366.57	245,309.35	15,467.82	(127,396.19)
GRAND TOTAL GAIN/LOSS			401,606.52	387,002.84	253,279.03	14,603.68	(131,593.75)

2009

Realized Capital Gains/Losses

CUSIP/Security Description Quantity	Date Acquired	Date Sold	Sale Proceeds	Original Cost Basis	Adj/Avg Cost Basis	Gain/Loss Orig. Cost	Gain/Loss Adj/Avg Cost
LONG TERM GAIN LOSS							
084670108/BERKSHIRE HATHAWAY							
1 00	10/26/99	09/09/09	97,214 55	57,049 00	0.00	40,165.55	0 00
37733W105/GLAXOSMITHKLINE PLC							
1500 00	08/16/06	06/03/09	49,172.08	84,082 30	0 00	(34,910 22)	0.00
585055106/MEDTRONIC INCORPORATED							
1000 00	09/19/07	09/09/09	38,188 22	56,571 65	0.00	(18,383 43)	0 00
SUBTOTAL LONG TERM GAIN LOSS			184,574.85	197,702.95	0.00	(13,128.10)	0.00
GRAND TOTAL GAIN/LOSS			184,574.85	197,702.95	0.00	(13,128.10)	0.00