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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

2011**For calendar year 2011 or tax year beginning****, and ending**

Name of foundation Royal Scott Foundation Inc		A Employer identification number 27-3900311
Number and street (or P O box number if mail is not delivered to street address) Foundation Source 501 Silverside Rd	Room/suite 123	B Telephone number (see instructions) (800) 839-1754
City or town, state, and ZIP code Wilmington DE 19809-1377		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 2,498,828	J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	1,000			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	2,736	2,736		
	4 Dividends and interest from securities	22,672	22,672		
	5 a Gross rents				
	b Net rental income or (loss)				
	6 a Net gain or (loss) from sale of assets not on line 10	8,689			
	b Gross sales price for all assets on line 6a 75,589				
	7 Capital gain net income (from Part IV, line 2)		8,689		
	8 Net short-term capital gain				
	9 Income modifications				
	10 a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)	54,640	55,841			
12 Total. Add lines 1 through 11	89,737	89,938			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16 a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)	3,662	3,662		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	27	27		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	36,742	9,813		25,245
	24 Total operating and administrative expenses. Add lines 13 through 23	40,431	13,502		25,245
	25 Contributions, gifts, grants paid	117,000			117,000
26 Total expenses and disbursements. Add lines 24 and 25	157,431	13,502		142,245	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-67,694				
b Net investment income (if negative, enter -0-)		76,436			
c Adjusted net income (if negative, enter -0-)					

For Paperwork Reduction Act Notice, see Instructions.

(HTA)

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments		794,081	794,081
	3 Accounts receivable			
	Less: allowance for doubtful accounts			
	4 Pledges receivable			
	Less: allowance for doubtful accounts			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule)			
	Less: allowance for doubtful accounts			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)		1,915,989	1,704,747
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis			
Liabilities	Less: accumulated depreciation (attach schedule)			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	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 the instructions. Also, see page 1, item I)	0	2,710,070	2,498,828
	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe)			
	23 Total liabilities (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	0	2,710,070	
	30 Total net assets or fund balances (see instructions)	0	2,710,070	
	31 Total liabilities and net assets/fund balances (see instructions)	0	2,710,070	

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	0
2 Enter amount from Part I, line 27a	2	-67,694
3 Other increases not included in line 2 (itemize) <input type="checkbox"/> See Attached Statement	3	2,777,764
4 Add lines 1, 2, and 3	4	2,710,070
5 Decreases not included in line 2 (itemize) <input type="checkbox"/>	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	2,710,070

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a Publicly-traded Securities				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a 75,589		66,900	8,689	
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a			8,689	
b				
c				
d				
e				
2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2	8,689	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8		3		

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

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

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

See Appendix A

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 (col. (b) divided by col. (c))
2010	53,761	2,492,234	0.021571
2009	15,575	2,324,727	0.006700
2008	34,579	2,171,874	0.015921
2007	47,585	1,030,438	0.046179
2006	69,659	992,890	0.070158
2 Total of line 1, column (d)			2 0.160529
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 0.032106
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5			4 2,503,910
5 Multiply line 4 by line 3			5 80,391
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 764
7 Add lines 5 and 6			7 81,155
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions			8 142,245

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

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		1	764
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b			
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0
3 Add lines 1 and 2		3	764
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	764
6 Credits/Payments:			
a 2011 estimated tax payments and 2010 overpayment credited to 2011		6a	1,300
b Exempt foreign organizations—tax withheld at source		6b	
c Tax paid with application for extension of time to file (Form 8868)		6c	0
d Backup withholding erroneously withheld		6d	
7 Total credits and payments. Add lines 6a through 6d		7	1,300
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached		8	8
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	0
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10	528
11 Enter the amount of line 10 to be Credited to 2012 estimated tax <input type="checkbox"/> 528 Refunded <input type="checkbox"/>		11	0

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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? 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		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers. <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
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		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		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		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?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> DE		
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	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 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address	13	X	
14	The books are in care of <u>c/o Foundation Source</u> Telephone no <u>(800) 839-1754</u> Located at <u>501 Silverside Road, Suite 123 Wilmington DE</u> ZIP+4 <u>19809-1377</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year	15		
16	At any time during calendar year 2011, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country	16	Yes	No
				X

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	N/A
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 2011?	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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2011 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 2011)	3b	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No
- (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see 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 N/A**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?
☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?
☐ Yes ☒ No
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

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** N/A**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors****1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE ATTACHMENT				

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				
		00		
		00		
		00		
		00		
		00		

Total number of other employees paid over \$50,000

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."**

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

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

**Part IX-A Summary of Direct Charitable Activities**

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

	Expenses
1	
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1	
2	
3 All other program-related investments. See instructions	

Total. Add lines 1 through 3



0

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		See Appendix A
a	Average monthly fair market value of securities	1a	1,686,166
b	Average of monthly cash balances	1b	855,875
c	Fair market value of all other assets (see instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	2,542,041
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	2,542,041
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	38,131
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,503,910
6	Minimum investment return. Enter 5% of line 5	6	125,196

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	125,196
2a	Tax on investment income for 2011 from Part VI, line 5	2a	764
b	Income tax for 2011 (This does not include the tax from Part VI.)	2b	0
c	Add lines 2a and 2b	2c	764
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	124,432
4	Recoveries of amounts treated as qualifying distributions	4	0
5	Add lines 3 and 4	5	124,432
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	124,432

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	142,245
b	Program-related investments—total from Part IX-B	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	0
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	0
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	142,245
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	764
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	141,481

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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				124,432
2 Undistributed income, if any, as of the end of 2011			See Appendix A	
a Enter amount for 2010 only			121,849	
b Total for prior years 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2011				
a From 2006	0			
b From 2007	0			
c From 2008	0			
d From 2009	0			
e From 2010	0			
f Total of lines 3a through e	0			
4 Qualifying distributions for 2011 from Part XII, line 4: \blacktriangleright \$ 142,245				
a Applied to 2010, but not more than line 2a			121,849	
b Applied to undistributed income of prior years (Election required—see instructions)		0		
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2011 distributable amount				20,396
e Remaining amount distributed out of corpus	0			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a))	0			0
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0			
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 2010 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2012				104,036
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 2006 not applied on line 5 or line 7 (see instructions)	0			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	0			
10 Analysis of line 9				
a Excess from 2007	0			
b Excess from 2008	0			
c Excess from 2009	0			
d Excess from 2010	0			
e Excess from 2011	0			

Part XV **Supplementary Information** (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> Distributions made by Royal Scott Foundation See Appendix A				117,000
Total			3a	117,000
b <i>Approved for future payment</i>				
Total			3b	0

Enter gross amounts unless otherwise indicated

(See worksheet in line 13 instructions to verify calculations)

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 instructions.)
---------------	--

[illegible]

Form 990-PF, Part I, Line 11 - Other Income

		TOTAL:	54,640	55,841	0
	Description	(a) Revenue per Books	(b) Net Investment Income	(c) Adjusted Net Income	
1	From Royal Scott Foundation (see Appendix A)	54,640	55,841	0	
2					
3					
4					
5					
6					
7					
8					
9					
10					

Form 990-PF, Part I, Line 16c - Other Professional Fees

		TOTAL:		3,662	3,662	0	0
	Description	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purpose		
1	Investment Management Services	3,662	3,662		0		
2							
3							
4							
5							
6							
7							
8							
9							
10							

Form 990-PF, Part I, Line 18 - Taxes

TOTAL:					27	27	0	0
	Description	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purpose			
1	Foreign Tax Paid	27	27	0	0			
2								
3								
4								
5								
6								
7								
8								
9								
10								

Form 990-PF, Part I, Line 23 - Other Expenses

TOTAL:					36,742	9,813	0	25,245
	Description	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purpose			
1	Administrative Fees	8,682	0	0	8,682			
2	Administrative Set-Up Fee	3,750	0	0	3,750			
3	Bank Charges	50	50	0	0			
4	Delaware Incorporation Fees	500	0	0	500			
5	IRS Application Fees	850	0	0	850			
6	State or Local Filing Fees	25	0	0	25			
7	From Royal Scott Foundation (see Appendix A)	22,885	9,763	0	11,438			
8								
9								
10								

Form 990-PF, Part II, Line 10b - Investments - Corporate Stock

	Description	Shares	Book Value End of Year	1,915,989	1,704,747
1	ABBOTT LABS (ABT)	345	16,629		19,399
2	ACCENTURE PLC (ACN)	850	29,693		45,246
3	ALTRIA GROUP INC (MO)	500	13,292		14,825
4	ANTISOMA (LONDON) (AIOAF PK)	120,000	69,607		3,360
5	APACHE CORPORATION (APA)	430	47,733		38,949
6	AT&T CORP COM NEW (T)	1,200	30,201		36,288
7	AUTOMATIC DATA PROCESSING INC. (ADP)	1,100	41,519		59,411
8	BANK OF AMERICA CORP (BAC)	2,000	96,223		11,120
9	BANK OF HAWAII CORP (BOH)	1,100	42,001		48,939
10	BB&T CAPITAL TRUST VII - 8.100% - 11/1/2064 (05531H208)	750	19,901		19,950
11	BB&T PFD - 8.950% - 12/15/2063 (BBTVP)	1,000	25,007		26,270
12	BECTON DICKINSON & CO (BDX)	610	50,815		45,579
13	BERKLEY W R CP (WRB)	1,800	42,621		61,902
14	BLACKROCK INC (BLK)	175	30,935		31,192
15	CANADIAN APT PPTYS (CDPYF.PK)	500	7,845		11,015
16	CHEVRON CORP (CVX)	580	50,891		61,712
17	CHUBB CORP (CB)	950	41,797		65,759
18	CISCO SYSTEMS INC (CSCO)	2,150	56,058		38,872
19	COMCAST CORP (CMCSK)	3,000	50,768		70,680
20	DOLLAR TREE INC. (DLTR)	306	25,009		25,432
21	ELI LILLY & CO (LLY)	1,300	44,450		54,028
22	EOG RESOURCES INC (EOG)	400	39,675		39,404
23	EXXON MOBIL CORP (XOM)	760	64,063		64,418
24	FIRST UNITED CORPORATION (FUNC)	4,000	91,191		12,640
25	FMC TECHS INC COM (FTI)	485	25,018		25,332
26	FRANCE TELECOM ADS (FTE)	752	16,610		11,776
27	FULTON FIN CORP (FULT)	2,625	27,838		25,751
28	HEWLETT PACKARD CO (HPQ)	700	24,878		18,032
29	HONEYWELL INTERNATIONAL INC. (HON)	1,200	64,717		65,220
30	HUDSON CITY BANCORP INC COMMON (HCBK)	3,900	53,655		24,375
31	INTEL CORP (INTC)	2,700	51,585		65,475
32	JOHNSON & JOHNSON (JNJ)	700	47,051		45,906
33	MICROSOFT CORPORATION (MSFT)	1,780	55,187		46,209
34	NU SKIN ENTERPRISES CL A (NUS)	519	25,036		25,208
35	NUCOR CP (NUE)	355	16,608		14,047
36	PIMCO STRATEGIC GLOBAL GOVERNMENT FD (RCS)	7,500	87,829		83,625
37	PPL CORPORATION (PPL)	676	16,617		19,888
38	SAUL CENTERS, INC. PFD A (BFS-PA)	4,000	98,701		103,400
39	STERLING BNCPT TR I (STL-PA)	4,000	38,000		40,600
40	SUSQUEHANNA CAPITAL I - 9.375% - 12/12/2057 (86910P021)	3,000	75,007		78,810
41	TEMPLETON EMERGING MARKETS INCOME FUND INC (TEI)	2,000	28,270		31,140

Form 990-PF, Part II, Line 10b - Investments - Corporate Stock

		TOTAL:		1,915,989	1,704,747
	Description	Shares	Book Value End of Year	FMV End of Year	
42	THORNBURG MORTGAGE INC (THMRQ)	300	58,687		1
43	VEOLIA ENVIRONN ADS (VE)	544	16,616		6,011
44	VERIZON COMMUNICATIONS (VZ)	300	11,221		12,036
45	WAL-MART STORES INC. (WMT)	850	41,478		50,796
46	WINDSTREAM CORP (WIN)	402	7,456		4,719

Form 990-PF, Part III - Changes in Net Assets or Fund Balances

Line 3 - Other increases not included in Part III, Line 2

1	Transfer from Royal Scott Foundation (see Appendix A)	2,692,519
2	Net loss from Royal Scott Foundation (see Appendix A)	85,245
3	TOTAL	2,777,764

Form 990-PF, Part VIII, Line 1 - Compensation of Officers, Directors, Trustees and Foundation Managers

	Name	Street	City	State	Zip Code	Title	Avg Hrs	TOTAL:				Expense Acct
								Comp	Benefits			
1	Stephen P Goldman Esq	Foundation Source 501 Silverside Rd	Wilmington	DE	19809	Director	1	0	0	0	0	
2	Gwen Scott Steeley	Foundation Source 501 Silverside Rd	Wilmington	DE	19809	President / Director / Secretary	1	0	0	0	0	
3	Roy Stuart Steeley	Foundation Source 501 Silverside Rd	Wilmington	DE	19809	Director	1	0	0	0	0	
4												
5												
6												
7												
8												
9												
10												

Royal Scott Foundation Inc.
EIN: 27-3900311
Taxable Year Ending 12/31/2011

Appendix A

During 2011, the Royal Scott Foundation ("Old Foundation") (EIN 31-6544542) transferred all of its net assets to the Royal Scott Foundation, Inc. ("New Foundation"), a commonly controlled private foundation. Such a transfer is described in Treasury Regulation 1.507-3(a)(9), which states "If a private foundation transfers all of its net assets to one or more private foundations which are effectively controlled (within the meaning of Section 1.482-1(a)(3)), directly or indirectly, by the same person or persons which effectively controlled the transferor private foundation, for purposes of Chapter 42 (section 4940 ET SEQ.) and part II of subchapter F of chapter 1 of the Code (Sections 507 through 509) such a transferee private foundation shall be treated as if it were the transferor." Additionally, IRC Section 507(b)(2) provides that "in the case of a transfer of assets of any private foundation to another private foundation pursuant to any liquidation, merger, redemption, recapitalization, or other adjustment, organization, or reorganization, the transferee foundation shall not be treated as a newly created organization."

In accordance with this Regulation and Code Section, the Old Foundation has completed its 2011 return to allocate all of its activity to the New Foundation as if it were the Old Foundation for purposes of Chapter 42. Similarly, the New Foundation has completed its 2011 return to report all of the activity allocated to it by the Old Foundation in addition to the activity it conducted directly. See the following summary by return part:

- Part I: The New Foundation has picked up the Old Foundation's income and expenses for purposes of Section 4940.
- Part V: The New Foundation has reported the Old Foundation's historical distributions and asset averages for computation of the 1% rate calculation.
- Part VI: The New Foundation has applied the overpayment of excise tax of \$1,300 from the Old Foundation's 2011 Form 990-PF as if it were its own.
- 2220: The New Foundation has reported the annualized amounts and tax payments attributable to the Old Foundation in addition to its own amounts.
- Part X: The New Foundation has calculated the average value of assets as if it held all of the Old Foundation's assets the entire year.
- Part XII: The New Foundation has included the qualifying distributions of the Old Foundation as if they were made by the New Foundation.
- Part XIII: The New Foundation has picked up the Old Foundation's undistributed income for 2010 of \$121,849 as if it were its own.
- Part XV: The New Foundation has picked up the Old Foundation's grants of \$117,000 as if they were made by the New Foundation.