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

OMB No 1545-0052

2011

Department of the Treasury
Internal Revenue Service

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

For calendar year 2011, or tax year beginning

, 2011, and ending

ARMSTRONG MCDONALD FOUNDATION
P. O. BOX 70110
TUCSON, AZ 85737-0110A Employer identification number
36-3458711B Telephone number (see the instructions)
520-742-2667/52C 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 ☐E If private foundation status was terminated under section 507(b)(1)(A), check here ☐F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐G Check all that apply. ☐ Initial return ☐ Initial Return of a former public charity
☐ Final return ☐ Amended return
☐ Address change ☐ Name changeH Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundationI Fair market value of all assets at end of year (from Part II, column (c), line 16) ☐ Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify) _____

J \$ 15,278,540. (Part I, column (d) must be on cash basis)

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)

1 Contributions, gifts, grants, etc. received (att sch)

2 Ck ☒ if the foundn is not req to att Sch B

3 Interest on savings and temporary cash investments

4 Dividends and interest from securities

5a Gross rents

b Net rental income or (loss)

6a Net gain/(loss) from sale of assets not on line 10

b Gross sales price for all assets on line 6a 6,950,734.

7 Capital gain net income (from Part IV, line 2)

8 Net short-term capital gain

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)

See Statement 1

12 Total. Add lines 1 through 11

13 Compensation of officers, directors, trustees, etc

14 Other employee salaries and wages

15 Pension plans, employee benefits

16a Legal fees (attach schedule) See St 2

b Accounting fees (attach sch) See St 3

c Other prof fees (attach sch) See St 4

17 Interest

18 Taxes (attach schedule)(see instrs) See Stm 5

19 Depreciation (attach sch) and depletion

20 Occupancy

21 Travel, conferences, and meetings

22 Printing and publications

23 Other expenses (attach schedule)

See Statement 6

24 Total operating and administrative expenses. Add lines 13 through 23

25 Contributions, gifts, grants paid Stmt 7

26 Total expenses and disbursements. Add lines 24 and 25

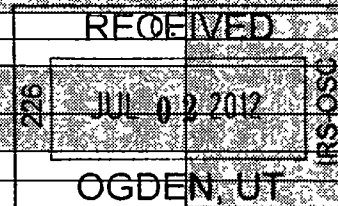
27 Subtract line 26 from line 12:

a Excess of revenue over expenses and disbursements

b Net investment income (if negative, enter -0-)

c Adjusted net income (if negative, enter -0-)

SCANNED JUL 05 2012



ADMINISTRATIVE AND OPERATING EXPENSES

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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
A S S E T S	1. Cash — non-interest-bearing			
	2. Savings and temporary cash investments	964,120.	231,307.	231,307.
	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 sch)			
	Less: allowance for doubtful accounts			
	8. Inventories for sale or use			
	9. Prepaid expenses and deferred charges	7,673.	2,424.	2,424.
	10a. Investments — U.S. and state government obligations (attach schedule)			
	b. Investments — corporate stock (attach schedule) Statement 8	8,633,920.	9,909,511.	11,261,986.
	c. Investments — corporate bonds (attach schedule) Statement 9	4,709,970.	3,653,070.	3,782,823.
	11. Investments — land, buildings, and equipment, basis			
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)	14,315,683.	13,796,312.	15,278,540.	
L I A B I L I T I E S	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)	0.	0.	
N E T A S S E T S O R F U N D B A L A N C E S	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, building, and equipment fund			
	29. Retained earnings, accumulated income, endowment, or other funds	14,315,683.	13,796,312.	
	30. Total net assets or fund balances (see instructions)	14,315,683.	13,796,312.	
	31. Total liabilities and net assets/fund balances (see instructions)	14,315,683.	13,796,312.	

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	14,315,683.
2. Enter amount from Part I, line 27a	2	-519,374.
3. Other increases not included in line 2 (itemize) See Statement 10	3	3.
4. Add lines 1, 2, and 3	4	13,796,312.
5. Decreases not included in line 2 (itemize)	5	
6. Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30	6	13,796,312.

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 Statement 11				
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			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(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	
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss).	<div style="border: 1px solid black; padding: 2px; display: inline-block;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>		2	6,261.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):	<div style="border: 1px solid black; padding: 2px; display: inline-block;"> If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 </div>		3	-147,496.

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))
2010	780,214.	14,825,696.	0.052626
2009	821,554.	13,875,719.	0.059208
2008	497,056.	16,551,399.	0.030031
2007	1,030,781.	19,128,572.	0.053887
2006	1,214,795.	17,742,925.	0.068466

2 Total of line 1, column (d).	2	0.264218
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	0.052844
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	15,602,248.
5 Multiply line 4 by line 3	5	824,485.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	3,949.
7 Add lines 5 and 6	7	828,434.
8 Enter qualifying distributions from Part XII, line 4	8	908,224.

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 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 instrs)			
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		1	3,949.
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	3,949.
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	3,949.
6 Credits/Payments			
a 2011 estimated tax pmts and 2010 overpayment credited to 2011	6a	6,373.	
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	6,373.	
8 Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	2,424.	
11 Enter the amount of line 10 to be: Credited to 2012 estimated tax 2,424. Refunded	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 the instructions for definition)? <i>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.</i>		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 \$ 0. (2) On foundation managers \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities.</i>		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? <i>If 'Yes,' attach a conformed copy of the changes</i>		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? <i>If 'Yes,' attach the statement required by General Instruction T</i>		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? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) AZ		
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? <i>If 'No,' attach explanation.</i>	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)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses.</i>		X

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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 <u>www.armstrongmcdonaldfoundation.org</u>	13	X	
14	The books are in care of <u>GREGORY L. HEISEY, CPA, PC</u> Telephone no <u>520-742-4697</u> Located at <u>405 W. COOL DRIVE, SUITE 105 TUCSON AZ</u> ZIP + 4 <u>85704</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u> <u>N/A</u>			
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? If 'Yes,' list the years <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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

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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)?

Organizations relying on a current notice regarding disaster assistance check here

☐**5b**

N/A

c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?N/A ☐ 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**6b**

X

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If 'Yes' to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?☐ Yes ☒ No**7b****b** If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction?

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 Statement 12		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.

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

0

Part VII 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
HARTLINE INVESTMENT CORPORATION 20 NORTH WACKER DRIVE; STE 3820 CHICAGO, IL 60606	INVESTMENT MGMT.	57,118.
Total number of others receiving over \$50,000 for professional services		0

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 N/A	
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	0.

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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	15,556,063.
b Average of monthly cash balances	1b	874,185.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	16,430,248.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2 Acquisition indebtedness applicable to line 1 assets	2	0.
3 Subtract line 2 from line 1d	3	16,430,248.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions) See Statement 13	4	828,000.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	15,602,248.
6 Minimum investment return. Enter 5% of line 5	6	780,112.

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	780,112.
2a Tax on investment income for 2011 from Part VI, line 5	2a	3,949.
b Income tax for 2011 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	3,949.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	776,163.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	776,163.
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	776,163.

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	908,224.
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	908,224.
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	3,949.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	904,275.

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				776,163.
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only			0.	
b Total for prior years 20__, 20__, 20__		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006				
b From 2007				
c From 2008				
d From 2009	120,608.			
e From 2010	50,539.			
f Total of lines 3a through e	171,147.			
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ \$ 908,224.				
a Applied to 2010, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required — see instructions)		0.		
c Treated as distributions out of corpus (Election required — see instructions)	0.			
d Applied to 2011 distributable amount				776,163.
e Remaining amount distributed out of corpus	132,061.			
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	303,208.			
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		0.		
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				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
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	303,208.			
10 Analysis of line 9				
a Excess from 2007				
b Excess from 2008				
c Excess from 2009	120,608.			
d Excess from 2010	50,539.			
e Excess from 2011	132,061.			

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1	Program service revenue					
a						
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			14	14.	
4	Dividends and interest from securities			14	438,294.	
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					6,261.
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue.					
a	OTHER DIVIDENDS					2,207.
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)				438,308.	8,468.
13	Total. Add line 12, columns (b), (d), and (e)					446,776.

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

[illegible]

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2011.

Federal Statements

Page 1

ARMSTRONG MCDONALD FOUNDATION

36-3458711

Statement 1
Form 990-PF, Part I, Line 11
Other Income

	(a) Revenue per Books	(b) Net Investment Income	(c) Adjusted Net Income
OTHER DIVIDENDS	\$ 2,207.		
Total	\$ 2,207.	\$ 0.	\$ 0.

Statement 2
Form 990-PF, Part I, Line 16a
Legal Fees

	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
DUFFIELD	\$ 109.	\$ 54.		\$ 55.
Total	\$ 109.	\$ 54.	\$ 0.	\$ 55.

Statement 3
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
HEISEY, CPA	\$ 15,812.	\$ 7,906.		\$ 7,906.
Total	\$ 15,812.	\$ 7,906.	\$ 0.	\$ 7,906.

Statement 4
Form 990-PF, Part I, Line 16c
Other Professional Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
BANK OF AMERICA./SCHWAB	\$ 271.			\$ 271.
FOUNDATION ADVISORS	17,135.			17,135.
HARTLINE ADVISORS	39,983.	\$ 39,983.		
Total	\$ 57,389.	\$ 39,983.	\$ 0.	\$ 17,406.

ARMSTRONG MCDONALD FOUNDATION

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Statement 5
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
EXCISE TAX	\$ 3,949.			
EXCISE TAX ADDITIONAL-2010	4,300.			
Total	<u>\$ 8,249.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Statement 6
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
COMPUTER CHARGES	\$ 208.	\$ 104.		\$ 104.
INSURANCE	1,625.	812.		813.
OFFICE	158.	79.		79.
Total	<u>\$ 1,991.</u>	<u>\$ 995.</u>	<u>\$ 0.</u>	<u>\$ 996.</u>

Statement 7
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Cash Grants and Allocations

Class of Activity: Animal Welfare
 Donee's Name: Zoological Society of San Diego
 Donee's Address: P.O. Box 120551
 San Diego, CA 92112
 Relationship of Donee: N/A
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: \$ 41,500.

Class of Activity: Children & Youth
 Donee's Name: Tucson Children's Museum
 Donee's Address: 200 South 6th Avenue
 Tucson, AZ 85701
 Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: 30,000.

Class of Activity: Education
 Donee's Name: Bellevue University
 Donee's Address: 1000 Galvin Road South
 Bellevue, NE 68005
 Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: 50,000.

Class of Activity: Education
 Donee's Name: College of St. Mary
 Donee's Address: 700 Mercy Road

ARMSTRONG MCDONALD FOUNDATION

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Statement 7 (continued)
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Relationship of Donee:	Omaha, NE 68106	
Organizational Status of Donee:	PUBLIC CHARITY	
Amount Given:		\$ 51,000.
Class of Activity:	Education	
Donee's Name:	College of Ozarks	
Donee's Address:	PO Box 17 Point Lookout, MO 65726	
Relationship of Donee:		
Organizational Status of Donee:	PUBLIC CHARITY	
Amount Given:		275,000.
Class of Activity:	Education	
Donee's Name:	Hastings College Fdn	
Donee's Address:	11422 Miracle Hills Dr Ste 550 Omaha, NE 68154	
Relationship of Donee:		
Organizational Status of Donee:	PUBLIC CHARITY	
Amount Given:		75,000.
Class of Activity:	Education	
Donee's Name:	Omaha Street School	
Donee's Address:	3223 N 45th Street Omaha, NE 68104	
Relationship of Donee:	N/A	
Organizational Status of Donee:	PUBLIC CHARITY	
Amount Given:		13,840.
Class of Activity:	Health	
Donee's Name:	Carondolet Foundation Association	
Donee's Address:	120 N. Tucson Blvd Tucson, AZ 85716	
Relationship of Donee:		
Organizational Status of Donee:	PUBLIC CHARITY	
Amount Given:		75,000.
Class of Activity:	Health	
Donee's Name:	Casa de los Ninos	
Donee's Address:	1101 N. 4th Avenue Tucson, AZ 85705	
Relationship of Donee:		
Organizational Status of Donee:	PUBLIC CHARITY	
Amount Given:		25,000.
Class of Activity:	Health	
Donee's Name:	Southern Az Aids Foundation	
Donee's Address:	375 S. Euclid Avenue Tucson, AZ 85719	
Relationship of Donee:	N/A	
Organizational Status of Donee:	PUBLIC CHARITY	
Amount Given:		25,000.
Class of Activity:	Relief & Social	
Donee's Name:	Arizona's Children's Foundation	
Donee's Address:	2700 S. 8th Ave. Tucson, AZ 85713	

ARMSTRONG MCDONALD FOUNDATION

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Statement 7 (continued)
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: \$ 25,000.

Class of Activity: Relief & Social
 Donee's Name: Mobile Meals of Tucson
 Donee's Address: 3003 S. Country Club Ste 219
 Tucson, AZ 85713

Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: 10,000.

Class of Activity: Health
 Donee's Name: Cascade Foundation
 Donee's Address: P. O. Box 40397
 Tucson, AZ 85717

Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: 27,500.

Class of Activity: Special Needs
 Donee's Name: Mosaic
 Donee's Address: 2226 W. NORTHERN AVE., SUITE C140
 PHOENIX, AZ 85021

Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: 50,000.

Class of Activity: Special Needs
 Donee's Name: N. W. School for the Hearing Impaired
 Donee's Address: P. O. Box 31325
 Seattle, WA 98103

Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: 7,500.

Class of Activity: Health
 Donee's Name: Steele Children's Research Center
 Donee's Address: P.O. Box 247073
 Tucson, AZ 85724

Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: 77,160.

Class of Activity: Special Needs
 Donee's Name: A.R.C.H.
 Donee's Address: 1550 W. Colter St.
 phoenix, AZ 85015

Relationship of Donee:
 Organizational Status of Donee: PUBLIC CHARITY
 Amount Given: 7,500.

Class of Activity: Health
 Donee's Name: Tucson Medical Center
 Donee's Address: 5301 E. Grant Rd.
 Tucson, AZ 85712

Relationship of Donee:

ARMSTRONG MCDONALD FOUNDATION

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Statement 7 (continued)
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Organizational Status of Donee: PUBLIC CHARITY
Amount Given:

\$ 14,000.

Total \$ 880,000.

Statement 8
Form 990-PF, Part II, Line 10b
Investments - Corporate Stocks

Corporate Stocks	Valuation Method	Book Value	Fair Market Value
BERKSHIRE HATHAWAY-B	Cost	\$ 279,274.	\$ 534,100.
ILLINOIS TOOL WORKS INC	Cost	363,055.	420,390.
UNITED TECHNOLOGIES CORP	Cost	325,306.	365,450.
NOVO-NORDISK ADR	Cost	129,656.	403,410.
AMERICA MOVIL ADR	Cost	219,707.	226,000.
EMERSON ELECTRIC	Cost	356,684.	333,118.
CHEVRON CORP.	Cost	394,958.	532,000.
COCA COLA CO.	Cost	198,418.	279,880.
IBM	Cost	278,875.	404,536.
ORACLE CORP.	Cost	280,715.	294,975.
VERIZON COMMUNICATIONS, INC.	Cost	280,775.	401,200.
DEVON ENERGY CP-NEW	Cost	384,517.	334,800.
DU PONT E I DE NEMOUR&CO.	Cost	397,809.	389,130.
EXXON MOBIL CORPORATION	Cost	277,780.	339,040.
PRAXAIR, INC.	Cost	379,776.	491,740.
ALLERGAN	Cost	357,956.	438,700.
ALLSCRIPTS HEALTHCARE	Cost	247,811.	232,962.
CONOCOPHILLIPS	Cost	320,857.	320,628.
GENERAL ELECTRIC CO.	Cost	416,597.	358,200.
INTEL CORP	Cost	366,459.	363,750.
MEDCOHEALTH SOLUTIONS	Cost	450,975.	424,840.
ROYAL DUTCH PETROLEUM	Cost	290,728.	292,360.
STARBUCKS	Cost	395,798.	506,110.
VANGUARD EMERGING MARKET	Cost	204,006.	202,513.
VANGUARD EUROPE PAC ETF	Cost	202,414.	205,221.
AMER CAMPUS COMM	Cost	424,995.	503,520.
H C P INC REIT	Cost	418,403.	439,158.
HEALTH CARE REIT INC REIT	Cost	390,700.	398,069.
PROLOGIS, INC.	Cost	495,268.	457,440.
VENTAS	Cost	417,011.	413,476.
CALL ALLERGAN, INC.	Cost	-9,924.	-8,000.
CALL PRAXAIR, INC.	Cost	-14,650.	-17,480.
CALL STARBUCKS CORP	Cost	-13,198.	-19,250.
Total		\$ 9,909,511.	\$ 11,261,986.

ARMSTRONG MCDONALD FOUNDATION

36-3458711

Statement 9
Form 990-PF, Part II, Line 10c
Investments - Corporate Bonds

Corporate Bonds	Valuation Method	Book Value	Fair Market Value
VESSEL MANAGEMENT SERVICES INC	Cost	\$ 205,868.	\$ 227,149.
DISNEY, WALT, CO, NOTES	Cost	202,814.	201,836.
BURLINGTON N P-T	Cost	175,915.	198,739.
MARRIOTT INTL, INC.	Cost	178,850.	177,369.
MORGAN STANLEY, SR, MTN, SER, F	Cost	228,582.	226,095.
COOPER U. S., INC.	Cost	85,000.	88,138.
VERIZON COMMUNICATIONS, INC. NOTES	Cost	207,920.	211,148.
ALLSTATE LIFE GLOBAL FDG SECD, MTN	Cost	207,300.	211,189.
BANK OF AMERICA CORP.	Cost	198,200.	199,092.
PRAXAIR, INC.	Cost	226,208.	263,047.
MOTOROLA NOTES	Cost	155,475.	155,170.
NASDAQ OMX GROUP	Cost	143,250.	153,652.
ALLSTATE CORP VAR 2016 BONDS	Cost	238,820.	240,737.
MORGAN STANLEY FLT 2017 SR. NOTES	Cost	144,275.	146,034.
PRUDENTIAL FLOATING RATE MED TERM NOTES	Cost	102,520.	103,179.
HARTFORD LIFE INS HIG STRUCTURED NOTE	Cost	102,520.	102,940.
BAC FIX 5% YR 1	Cost	200,020.	200,000.
PRINCIPAL LIFE CPI FLOATER	Cost	101,915.	99,828.
PRUDENTIAL STRUCTURED NOTE	Cost	97,578.	103,625.
BARCLAYS BANK	Cost	250,020.	259,637.
JPMORGAN FXD/FLT NOTE	Cost	200,020.	214,219.
	Total	\$ 3,653,070.	\$ 3,782,823.

Statement 10
Form 990-PF, Part III, Line 3
Other Increases

ROUNDING	
Total	\$ 3.

Statement 11
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
1	200,000 BELLSOUTH	Purchased	Various	10/15/2011
2	4000 AGNICO-EAGLE MINES, LTD	Purchased	11/04/2010	10/27/2011
3	3200 ISHARES TR MSCI EAFE FD	Purchased	11/06/2009	10/27/2011
4	5000 GP STRATEGIES CORP	Purchased	3/07/2008	10/27/2011
5	59900 FRONTIER COMMUNICATIONS	Purchased	10/29/2009	11/08/2011
6	4500 JONES LANG LASALLE	Purchased	5/30/2006	11/08/2011
7	-46 CALL PRAXAIR, INC.	Purchased	6/21/2010	11/15/2011
8	8000 VESSEL MGM'T SVCS	Purchased	11/20/2001	11/20/2011
9	2000 GP STRATEGIES CORP	Purchased	3/07/2008	12/19/2011
10	10,000 ISHARES TR MSCI EAFE FD	Purchased	11/06/2009	12/22/2011
11	8000 GP STRATEGIES CORP	Purchased	3/07/2008	12/22/2011
12	16,000 EMC CORP MASS	Purchased	11/22/2010	12/30/2011
13	4600 VANGUARD ENERGY ETF	Purchased	11/22/2010	12/30/2011

ARMSTRONG MCDONALD FOUNDATION

36-3458711

Statement 11 (continued)
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
14	200,000 GOLDMAN SACHS G NOTES	Purchased	3/13/2009	1/15/2011
15	200,000 AMGEN, INC.	Purchased	5/18/2010	2/01/2011
16	5,500 ABBOTT LABORATORIES	Purchased	5/11/2009	2/16/2011
17	6000 AFLAC, INC.	Purchased	7/30/2008	2/16/2011
18	14,600 ISHARES TR MSCI EAFE FD	Purchased	1/06/2010	2/18/2011
19	2,500 AMERICA MOVIL ADR	Purchased	1/26/2007	3/18/2011
20	2,000 COCA COLA COMPANY	Purchased	8/20/2009	4/05/2011
21	718 GOOGLE INC CLASS-A	Purchased	11/15/2006	4/21/2011
22	200,000 GE CAPITAL NOTES	Purchased	9/24/2008	4/28/2011
23	4,500 VISA INC CL-A	Purchased	2/03/2009	5/05/2011
24	7,919 GP STRATEGIES CORP	Purchased	3/07/2008	5/17/2011
25	-90 CALL ILLINOIS TOOL WRKS	Purchased	12/02/2003	6/18/2011
26	850 APPLE, INC.	Purchased	5/28/2010	6/20/2011
27	155,000 MORGAN STANLEY CPI	Purchased	5/22/2009	6/27/2011
28	10,000 STARBUCKS	Purchased	5/10/2010	6/27/2011
29	198,000 ALCOA, INC.	Purchased	3/11/2010	6/28/2011
30	5,000 GP STRATEGIES CORP	Purchased	3/07/2008	6/29/2011
31	200,000 WISCONSIN PUB S SR NT	Purchased	12/12/2008	8/01/2011

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ARMSTRONG MCDONALD FOUNDATION

36-3458711

Statement 12
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen- sation	Contri- bution to EBP & DC	Expense Account/ Other
LAURIE L. BOUCHARD 12549 N. LA CHOLLA BLVD. TUCSON, AZ 85742	President 0	\$ 0.	\$ 0.	\$ 0.
RYAN M. BOUCHARD 12549 N. LA CHOLLA BLVD. TUCSON, AZ 85742	Vice President 0	0.	0.	0.
CORBY L. LUST 12549 N. LA CHOLLA BLVD. TUCSON, AZ 85742	Vice President 0	0.	0.	0.
TODD McDONALD 12549 N. LA CHOLLA BLVD. TUCSON, AZ 85742	Vice President 0	0.	0.	0.
MICHAEL J. BOUCHARD 12549 N. LA CHOLLA BLVD. TUCSON, AZ 85742	Secretary/Treas 0	0.	0.	0.
Total		\$ 0.	\$ 0.	\$ 0.

Statement 13
Form 990-PF, Part X, Line 4
Explanation of Cash Deemed Held for Charitable Activities

SEE STATEMENT 12

Statement 14
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

Name of Grant Program:
 Name: WWW.ARMSTRONGMCDONALDFOUNDATION.ORG
 Care Of:
 Street Address:
 City, State, Zip Code:
 Telephone:
 Form and Content: APPLICATION MUST BE DOWNLOADED FROM WEBSITE AT
 WWW.ARMSTRONGMCDONALDFOUNDATION.ORG AND COMPLETED IN ITS
 ENTIRETY, INCLUDING ALL REQUIRED ATTACHMENTS.
 Submission Deadlines: PER WEBSITE
 Restrictions on Awards:

ARMSTRONG MCDONALD FOUNDATION

36-3458711

Why Cash Balances In Excess Of 1.5% of the FMV of the Foundation's Assets Should Be Excluded

STATEMENT 12

Name: Armstrong McDonald Foundation

Federal ID No.: 36-3458711

Year Ending: 12-31-11

Form 990-PF, Part X, Line 4

In accordance with Reg. 53.4942(a)-2(c)(3)(iv), the above referenced foundation is excluding from its minimum investment return (MIR) calculation a total of \$828,000 in cash that it deems held for charitable activities. This amount is in excess of 1.5% of the fair market value of the foundation's noncharitable assets. the following information is submitted in support of the exclusion from MIR of this amount:

1. Fair Market Value of foundation's noncharitable assets: 16,430,248.

2. 1.5% of line 1: \$246,454

3. Facts and circumstances justifying the exclusion of an amount in excess of the amount on line 2:

The Grants to be paid during 2012 will be \$800,000

The 2012 charitable operating and administrative expenses are
expected to be 28,000

Total Cash Needed for Expenses & Disbursements \$828,000

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