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

2011Department 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 July 1, , 2011, and ending June 30, , 20 12

Name of foundation The Mill Spring Foundation		A Employer identification number 23-6230874
Number and street (or P.O. box number if mail is not delivered to street address) P. O. Box 270	Room/suite	B Telephone number (see instructions) 215-643-9916
City or town, state, and ZIP code Ambler, PA 19002-0270		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) ▶ \$ 4,048,275	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> 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 <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)	0			
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	0	0	0	
	4 Dividends and interest from securities	119,824	119,824	119,824	
	5a Gross rents	0	0	0	
	b Net rental income or (loss)	0			
	6a Net gain or (loss) from sale of assets not on line 10	64,484			
	b Gross sales price for all assets on line 6a	1,026,580			
	7 Capital gain net income (from Part IV, line 2)		64,484		
	8 Net short-term capital gain			14,857	
	9 Income modifications			0	
	10a Gross sales less returns and allowances	0			
Operating and Administrative Expenses	b Less: Cost of goods sold	0			
	c Gross profit or (loss) (attach schedule)	0		0	
	11 Other income (attach schedule)	1,598	1,598	1,598	
	12 Total. Add lines 1 through 11	185,906	185,906	136,279	
	13 Compensation of officers, directors, trustees, etc.	0	0	0	0
	14 Other employee salaries and wages	0	0	0	0
	15 Pension plans, employee benefits	0	0	0	0
	16a Legal fees (attach schedule)	0	0	0	0
	b Accounting fees (attach schedule)	18,000	0	0	0
	c Other professional fees (attach schedule)	16,034	0	0	0
	17 Interest	0	0	0	0
	18 Taxes (attach schedule) (see instructions)	2901	0	0	0
	19 Depreciation (attach schedule) and depletion	0	0	0	0
	20 Occupancy	0	0	0	0
	21 Travel, conferences, and meetings	0	0	0	0
	22 Printing and publications	0	0	0	0
	23 Other expenses (attach schedule)	10,087	0	0	0
	24 Total operating and administrative expenses. Add lines 13 through 23	47,022	0	0	0
	25 Contributions, gifts, grants paid	292,575			292,575
	26 Total expenses and disbursements. Add lines 24 and 25	339,597	0	0	292,575
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	(153,691)			
	b Net investment income (if negative, enter -0-)		185,906		
	c Adjusted net income (if negative, enter -0-)			136,279	

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	0	0	0
	2 Savings and temporary cash investments	275	13,004	13,004
	3 Accounts receivable ▶ 0			
	Less: allowance for doubtful accounts ▶ 0	0	0	0
	4 Pledges receivable ▶ 0			
	Less: allowance for doubtful accounts ▶ 0	0	0	0
	5 Grants receivable	0	0	0
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)	0	0	0
	7 Other notes and loans receivable (attach schedule) ▶ 0			
	Less: allowance for doubtful accounts ▶ 0	0	0	0
	8 Inventories for sale or use	0	0	0
	9 Prepaid expenses and deferred charges	0	0	0
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	4,110,145	3,943,732	4,035,271
	c Investments—corporate bonds (attach schedule)	0	0	0
	11 Investments—land, buildings, and equipment: basis ▶ 0			
	Less: accumulated depreciation (attach schedule) ▶ 0	0	0	0
Liabilities	12 Investments—mortgage loans	0	0	0
	13 Investments—other (attach schedule)	0	0	0
	14 Land, buildings, and equipment: basis ▶ 0			
	Less: accumulated depreciation (attach schedule) ▶ 0	0	0	0
	15 Other assets (describe ▶ 0)	0	0	0
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	4,110,420	3,956,736	4,048,275
Net Assets or Fund Balances	17 Accounts payable and accrued expenses	0	0	
	18 Grants payable	0	0	
	19 Deferred revenue	0	0	
	20 Loans from officers, directors, trustees, and other disqualified persons	0	0	
	21 Mortgages and other notes payable (attach schedule)	0	0	
	22 Other liabilities (describe ▶ 0)	0	0	
Net Assets or Fund Balances	23 Total liabilities (add lines 17 through 22)	0	0	
	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> 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 ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	4,11,420	3,956,736	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0	0	
	29 Retained earnings, accumulated income, endowment, or other funds	0	0	
	30 Total net assets or fund balances (see instructions)	4,110,420	3,956,736	
	31 Total liabilities and net assets/fund balances (see instructions)	0	0	

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	4,110,420
2 Enter amount from Part I, line 27a	2	(153,691)
3 Other increases not included in line 2 (itemize) ▶ 0	3	0
4 Add lines 1, 2, and 3	4	3,956,729
5 Decreases not included in line 2 (itemize) ▶ 0	5	0
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,956,729

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				
b See attached sheet				
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 (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				
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	64,484
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	14,857

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.

(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	Not Applicable		
2009			
2008			
2007			
2006			
2 Total of line 1, column (d)			2
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
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5			4
5 Multiply line 4 by line 3			5
6 Enter 1% of net investment income (1% of Part I, line 27b)			6
7 Add lines 5 and 6			7
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

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

1a	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)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	3,718	00
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	00
3	Add lines 1 and 2	3	3,718	00
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0	00
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	3,718	00
6	Credits/Payments:			
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a	2,901	00
b	Exempt foreign organizations—tax withheld at source	6b	0	00
c	Tax paid with application for extension of time to file (Form 8868)	6c	0	00
d	Backup withholding erroneously withheld	6d	0	00
7	Total credits and payments. Add lines 6a through 6d	7	2,901	00
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	0	00
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	817	00
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	0	00
11	Enter the amount of line 10 to be: Credited to 2012 estimated tax 0 0 Refunded	11	0	00

Part VII-A Statements Regarding Activities

	Yes	No
1a 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?		✓
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)? <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>		✓
c Did the foundation file Form 1120-POL for this year?		✓
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? <i>If "Yes," attach a detailed description of the activities.</i>		✓
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>		✓
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		✓
b If "Yes," has it filed a tax return on Form 990-T for this year?		
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>		✓
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?	✓	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	✓	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ Pennsylvania		
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 <i>General Instruction G</i> ? <i>If "No," attach explanation</i>	✓	
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>		✓
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		✓

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		✓
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		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶	13	✓	
14	The books are in care of ▶ <u>William F. MacDonald, Jr.</u> Telephone no. ▶ <u>215-643-9916</u> Located at ▶ <u>P. O. Box 270, Ambler, PA</u> ZIP+4 ▶ <u>19002-0270</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here. ▶ <input type="checkbox"/> 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 ✓

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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1b	
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	✓
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 ▶ 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 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? <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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2011.</i>)	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
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	✓

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**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? ☐ 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? **6b** ☒

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**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
William F. MacDonald, Jr. Leslie MacDonald P. O. Box 270, Ambler, PA 19002-0270	Trustees	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				

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
Not applicable		
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 Not Applicable	
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 Not Applicable	
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	4,126,858
b	Average of monthly cash balances	1b	10,691
c	Fair market value of all other assets (see instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	4,137,549
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	4,137,549
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	62,063
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,075,486
6	Minimum investment return. Enter 5% of line 5	6	203,774

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	203,774
2a	Tax on investment income for 2011 from Part VI, line 5	2a	3,718
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	0
c	Add lines 2a and 2b	2c	3,718
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	200,056
4	Recoveries of amounts treated as qualifying distributions	4	0
5	Add lines 3 and 4	5	200,056
6	Deduction from distributable amount (see instructions)	6	0
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	200,056

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	292,575
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	0
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	292,575
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	292,575

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				200,056
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only			(485,983)	
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	485,983			
f Total of lines 3a through e	485,983			
4 Qualifying distributions for 2011 from Part XII, line 4: ► \$ 292,575				
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				292,575
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).)	485,983			485,983
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		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			(485,983)	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				(578,502)
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	0			
10 Analysis of line 9:				
a Excess from 2007				
b Excess from 2008				
c Excess from 2009				
d Excess from 2010				
e Excess from 2011				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, 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			(e) Total
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	
2a 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	N/A				
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 $\frac{2}{3}$ of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see 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).)

Not Applicable

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.

Not Applicable

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

Check here ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see 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:

William F. MacDonald, Jr. P. O. Box 270, Ambler, PA 19002-0270 215-643-9916

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

Applications may be submitted in letter form. Must include tax exempt statement.

c Any submission deadlines.

None

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

See attached sheet.

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> See attached sheet				
Total			▶ 3a	292,575
b <i>Approved for future payment</i> See attached sheet				
Total			▶ 3b	212,500

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

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) Exclusion 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					
4	Dividends and interest from securities			14	119,824	
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			18	1,026,580	
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)				1,146,404	
13	Total. Add line 12, columns (b), (d), and (e)				13	1,146,404

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

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


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

- | 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | Yes | No |
|---|--|-----|----|
| a Transfers from the reporting foundation to a noncharitable exempt organization of: | | | |
| (1) Cash | | | ✓ |
| (2) Other assets | | | ✓ |
| b Other transactions: | | | |
| (1) Sales of assets to a noncharitable exempt organization | | | ✓ |
| (2) Purchases of assets from a noncharitable exempt organization | | | ✓ |
| (3) Rental of facilities, equipment, or other assets | | | ✓ |
| (4) Reimbursement arrangements | | | ✓ |
| (5) Loans or loan guarantees | | | ✓ |
| (6) Performance of services or membership or fundraising solicitations | | | ✓ |
| c Sharing of facilities, equipment, mailing lists, other assets, or paid employees | | | ✓ |
| d If the answer to any of the above is "Yes," complete the following schedule. 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. | | | |

[illegible]

- 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) is based on all information of which preparer has any knowledge		
	 Signature of officer or trustee	11/4/12 Date	Trustee Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☒ No

Paid Preparer Use Only	PnnT/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no	

The Houghton Carpenter Foundation – 990 PF – 2011
ID# 23-6230874 – Part XV – Contributions Paid:

RECIPIENT	STATUS	PURPOSE	AMOUNT
a. Paid during the year:			
ARC of Chester County	Public	Advocacy Program	3,000
Ambler Arboretum/Temple	Public	Unrestricted Contribution	5,000
Baker Industries	Public	Work rehabilitation program for handicapped	10,000
Bethesda Project	Public	Care for abandoned poor	7,500
Chester Fund	School	Core Arts Academic Enrichment Program	5,000
College Settlement Philadelphia	Public	Camp programs for needy children	3,000
Consumer Bankruptcy Assistance	Public	Providing financial advice to the poor	10,000
Camp Sojourner	Public	Leadership Camp for underprivileged girls	3,000
Easter Seals	Public	Summer Camp Program	3,000
Enchantment Theatre	Public	Arts education program	2,500
Franklin Institute	Public	Unrestricted contribution	5,000
Girls Rock Philly	Public	Summer Camp fostering self respect and leadership	3,000
Handi-Crafters	Public	Help empower people with disabilities	3,000
Inglis House	Public	General operating support	500
Inter-faith Housing Alliance	Public	Homelessness prevention	5,000
KenCrest Centers	Public	Music Therapy Program	2,400
Montgomery Lands Trust	Public	Advance key conservation projects	25,000
Operation Warm	Public	Provide warm winter coats to underserved children	2,500
Outward Bound Philadelphia	Public	Character building and leadership skills	5,000
Pennsylvania Free Enterprise Week	Public	Scholarship Fund	7,675
Pennypack Ecological Restoration Trust	Public	Renovate Visitor Center	2,500
Please Touch Museum	Public	Support Programs and Services	5,000
Philadelphia Zoo	Public	Unrestricted Contribution	10,000
Programs Employing People	Public	Summer camp for children with disabilities	5,000
Project Forward Leap	Public	Education and intervention for disadvantaged children	5,000
Riverbend	Public	Environmental Education Center	3,000

Rock the Future	Public	Development in music for lower income children	4,000
Special Equestrians	School	Equine assisted therapy for disabled	2,000
Silver Springs	School	Nurture children with emotional problems	5,000
Teach for America	Public	Unrestricted Contribution	10,000
University of the Arts	School	Pre-college Programs	2,500
World Affairs Council	Public	Unrestricted Contribution	15,000
William Penn Charter School	School	Building Fund	12,500
Franklin Institute	Public	Inspire Science Campaign	20,000
World Affairs Council	Public	Various public policy forums	30,000
YMCA Ambler	Public	Capital Campaign	20,000
Germantown Academy	School	Capital Campaign	10,000
Whitemarsh Foundation	Public	Campaign for Erdenheim Farm	20,000
TOTAL			292,575
b.Approved for future payment:			
Germantown Academy	School	Capital Campaign	40,000
William Penn Charter School	School	Building Fund – Squash Center	12,500
Whitemarsh Foundation	Public	Campaign for Erdenheim Farm	80,000
The Franklin Institute	Public	Inspire Science Campaign	60,000
YMCA Ambler	Public	Capital Campaign	20,000
TOTAL			212,500

The Mill Spring Foundation – 990 PF – 2011
ID# 23-6230874

Part XV – Line d:

Only scientific, educational and charitable institutions should apply. Foundation does not make grants, contributions or loans to individuals.

The Mill Spring Foundation – 990PF – 2011
ID #236230874 – Part IV – Capital Gains and Losses:

SHARES	SECURITY	ACQ./ SOLD	COST	SELLING PRICE	GAIN	LOSS
150,000	U. S. Treasury Note Ser F 11/15/04 4.25% 11/15/14	6/9/11/ 3/13/12	156,555.00	165,140.12	8,585.12	
20,000	Time Warner Inc. 3/11/10 – 4.875% 3/15/20	3/15/10/ 3/27/12	19,699.80	22,023.00	2,323.20	
10,000	Wal-Mart Inc. 10/25/10 3.25% 10/25/20	10/27/11/ 3/27/12	10,398.40	10,425.50	27.10	
35,000	Federal National Mortgage Assoc. Note 11/17/06 4.875% 12/15/16	6/21/10/ 3/27/12	38,349.50	40,870.87	2,521.37	
5,000	Coca Cola Co. 3/14/12 1.65% 3/14/18	3/14/12/ 5/30/12	4,988.35	5,026.15	37.80	
50,000	Honeywell Int. 2/20/09 5% 2/15/19	2/24/09/ 3/15/12	49,805.00	58,820.50	9,015.50	
785	S & P Small Cap 600 Growth Index	9/21/09/ 6/21/12	42,311.50	61,607.46	19,295.96	
280	S & P Small Cap 600 Value Index	2/2/09/ 6/21/12	15,024.80	20,158.96	5,134.16	
160,000	Federal National Mortgage Assoc. 10/19/06 5% 10/15/11	8/7/08/ 10/17/11	165,610.08	160,000.00		5,610.08
80,000	Wachovia 4/25//08 5.5% 5/1/13	6/23/10/ 6/26/12	86,353.60	83,229.60		3,124.00
215	MSCI Emerging Markets Index Fund	7/1/08/ 7/6/11	10,232.13	10,186.98		Loss taken in 2010
355	Barclays Tips Bond Fund	4/9/09/ 7/19/11	35,720.10	39,676.69	3,956.59	
520	Barclays Tips Bond Fund	4/28/09/ 10/6/11	52,254.80	59,937.99	7,683.19	
15,000	Abbott Laboratories Note 11/9/07 5.15% 11/30/12	8/11/08/ 11/18/11	15,403.05	15,711.45	308.40	
15,000	IBM Bond D 4.75% 11/29/12	8/11/08/ 11/18/11	15,309.,90	15,630.00	320.10	

10,000	U. S. Treasury Notes Ser F 11/15/04 4.25% 11/15/14	6/9/11/ 1/18/12	10,437.00	11,098.40	661.14	
65,000	IBM Bond D 4.75% 11/29/12	8/11/08/ 1/25/12	66,342.90	67,433.60	1,090.70	
30,000	U. S. Treasury Bond 5/15/08 3.875% 5/15/18	6/24/11/ 2/6/12	30,900.00	35,217.07	4,317.07	
15,000	Federal National Mortgage Assoc. Note 11/17/06 4.875% 12/15/16	6/21/10/ 2/17/12	16,446.00	17,748.96	1,302.96	
2,170	MSCI EAFE Small Cap Index Fund	1/22/0/ 2/24/12	80,102.41	85,510.98	5,408.57	
40,000	U. S. Bancorp 11/3/11 2.2% 11/15/16	10/27/11/ 3/5/12	39,897.60	41,126.40	1,228.80	
			962,141.92	1,026,579.68	73,217.73	8,734.08
	NET GAIN			64,483.65		

The Mill Spring Foundation 990-PF – 2011

ID# 23-6230874 – Part II – Line 16:

INVESTMENTS		BOOK VALUE	MARKET VALUE
U. S. Treasury Note dtd. 3/31/12 0.25% 3/31/14		19,981	19,977
U. S. Treasury Notes Ser F dtd. 11/15/04 4.25% 11/15/14		140,896	147,340
U. S. Treasury Note dtd. 11/30/11 0.875% 11/30/16		85,060	85,843
U. S Treasury Bond dtd. 5/15/08 3.875% 5/15/18		69,301	81,956
U. S. Treasury Note dtd. 11/15/11 2% 11/15/21		15,009	15,552
Federal Home Loan Mortgage Corp. dtd. 1/30/04 5% 1/30/14		43,167	42,930
Federal National Mortgage Assoc dtd. 2/6/12 0.375% 3/16/15		34,780	34,898
Federal National Mortgage Assoc. Note dtd. 11/17/06 4.875% 12/15/16		120,527	129,187
Federal National Mortgage Assoc. dtd. 4/16/07 5% 5/11/17		108,236	119,115
Federal Home Loan Mortgage Corp., dtd. 1/13/12 2.375% 1/13/22		34,948	35,919
Abbott Laboratories Note dtd. 11/9/07 5.15% 11/30/12		66,747	66,210
General Electric Cap Corp. dtd. 1/8/100 2.8% 1/8/13		86,217	85,991
IBM Corp., dtd. 11/1/11 0.875% 10/31/14		40,262	40,192
Totota Motor Credit Corp., dtd. 11/17/11 1.25% 11/17/14		54,526	55,128
Pepsico Inc. dtd. 3/5/12 0.75% 3/5/15		19,991	19,945
Wells Fargo & Co. dtd. 6/27/12 1.5% 7/1/15		39,922	40,030
Walt Disney Co. Ser Mtn dtd. 2/14/12 1.125% 2/15/17		9,904	9,961
American Express Credit Ser Mtn dtd. 3/26/12 2.375% 3/24/17		39,892	40,997
Goldman Sachs Group Inc. dtd. 8/30/07 6.25% 9/1/17		31,255	32,618

INVESTMENTS	BOOK VALUE	MARKET VALUE
Coca Cola Co. dtd. 3/14/12 1.65% 3/14/18	24,942	25,312
Honeywell International dtd. 2/20/09 5% 2/15/19	44,825	53,535
McDonalds Corp. Ser Mtn dtd. 5/29/12 1.875% 5/29/19	9,904	9,977
Comcast Corp., dtd. 6/18/09 5.7% 7/1/19	34,925	41,597
Time Warner Inc. dtd. 3/11/10 4.875% 3/15/20	64,024	73,173
Wal-Mart Stores Inc. dtd. 10/25/10 3.25% 10/25/20	62,390	64,164
Colgate Palmolive Co. Ser Mtn dtd. 11/8/11 2.45% 11/15/2021	9,855	10,202
Procter & Gamble Co. dtd. 2/6/12 2.3% 2/6/22	19,858	19,966
U. S. Bancorp Ser Mtn dtd. 3/2/12 3% 3/15/22	19,986	20,488
Barclays Tips Bond Fund	39,164	46,683
MSCI Emerging Markets Index Fund	239,211	197,045
Russell 1000 Value Index Fund	350,007	332,914
Russell 1000 Growth Index Fund	499,859	560,218
S & P Smallcap 600 Value Index Fund	100,986	145,687
S & P Smallcap 600 Growth Index Fund	98,077	161,460
MSCI EAFE Value Index Fund	200,065	147,548
MSCI EAFE Growth Index Fund	350,660	254,410
Massachusetts Inv. Growth Stk Fund Inc MFS Class 1	100,000	107,147
Pimco High Yield Fund P	152,303	179,579
Powershares DB Commodity Index Tracking Fund	47,720	55,234
SPDR Dow Jones Reit ETF	100,046	102,775
Vanguard MSCI Emerging Markets ETF	150,104	166,308

INVESTMENTS	BOOK VALUE	MARKET VALUE
Wilmington Mid Cap Growth Fund Ins Shs.	75,000	67,220
Wilmington Prime Money Market Select Shares	63,872	63,872
Wilmington U. S. Govt. Money Market Select Shares	25,327	25,327
Wilmington Prime Money Market Select Shares	.67	.67
Wilmington U. S. Govt. Money Market Select Shares	13,004	13,004
TOTAL	3,956,736	4,048,275

The Mill Spring Foundation – 990PF – 2011 – Part 1
ID # 23-6230874

Part I –

	Other Income:	
Line 11	Sale Accrued Interest	1,598.00
	Operating Expense:	
Line 16b	Accounting Fee	18,000.00
Line 16c	Other Professional Fees	16,034.00
Line 18	Estimated Tax 2011/2012	2,901.00
Line 23	Fiduciary Tax Service Fee	275.00
	Purchase Accrued Interest	1,069.00
	Loss – Sale of Security	8,734.00
	Miscellaneous Expense	9.00
	TOTAL	47,022