6854

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 10/01/11 **, and ending** 09/30/12

Name of foundation: THE ARNOLD FOUNDATION, INC.

A Employer identification number: 58-2450328

Number and street (or P O box number if mail is not delivered to street address): 1100 PEACHTREE STREET

Room/suite: 800

B Telephone number (see instructions): 404-681-3450

City or town, state, and ZIP code: ATLANTA GA 30309

C If exemption application is pending, check here ▶

G Check all that apply: Initial return; Initial return of a former public charity; Final return; Amended return; Address change; Name change

D 1. Foreign organizations, check here ▶

2. Foreign organizations meeting the 85% test, check here and attach computation ▶

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

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

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ $ 3,019,377

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

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

Part I **Analysis of Revenue and Expenses** (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see 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)				
2	Check ▶ X if the foundation is **not** required to attach Sch B				
3	Interest on savings and temporary cash investments	982	982	982	
4	Dividends and interest from securities				
5a	Gross rents	316,208	316,208	316,208	
b	Net rental income or (loss) 316,208				
6a	Net gain or (loss) from sale of assets not on line 10				
b	Gross sales price for all assets on line 6a				
7	Capital gain net income (from Part IV, line 2)		0		
8	Net short-term capital gain			0	
9	Income modifications				
10a	Gross sales less returns & allowances				
b	Less Cost of goods sold				
c	Gross profit or (loss) (attach schedule)				
11	Other income (attach schedule)				
12	**Total.** Add lines 1 through 11	317,190	317,190	317,190	
Operating and Administrative Expenses 13	Compensation of officers, directors, trustees, etc	15,000			
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule) SEE STMT 1	3,675	3,675		
b	Accounting fees (attach schedule) STMT 2	2,732	2,732		
c	Other professional fees (attach schedule) STMT 3	5,000	5,000		
17	Interest				
18	Taxes (attach schedule) (see instructions) STMT 4	3,073			
19	Depreciation (attach schedule) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (att sch) STMT 5	399	399		
24	**Total operating and administrative expenses.** Add lines 13 through 23	29,879	11,806	0	0
25	Contributions, gifts, grants paid	416,579			416,579
26	**Total expenses and disbursements.** Add lines 24 and 25	446,458	11,806	0	416,579
27	Subtract line 26 from line 12:				
a	**Excess of revenue over expenses and disbursements**	-129,268			
b	**Net investment income** (if negative, enter -0-)		305,384		
c	**Adjusted net income** (if negative, enter -0-)			317,190	

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For Paperwork Reduction Act Notice, see instructions.

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Form **990-PF** (2011)

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Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets 1	Cash—non-interest-bearing			
2	Savings and temporary cash investments	236,045	109,697	109,697
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 (att. schedule) ▶			
	Less allowance for doubtful accounts ▶ 0			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges	6,000	3,080	3,080
10a	Investments—U S and state government obligations (attach schedule)			
b	Investments—corporate stock (attach schedule)			
c	Investments—corporate bonds (attach schedule)			
11	Investments—land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach sch) ▶			
12	Investments—mortgage loans			
13	Investments—other (attach schedule)			
14	Land, buildings, and equipment basis ▶ 959,600			
	Less accumulated depreciation (attach sch) ▶ STMT 6	959,600	959,600	2,906,600
15	Other assets (describe ▶)			
16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	1,201,645	1,072,377	3,019,377
Liabilities 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.**			
24	Unrestricted			
25	Temporarily restricted			
26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ X and complete lines 27 through 31.			
27	Capital stock, trust principal, or current funds	1,201,645	1,072,377	
28	Paid-in or capital surplus, or land, bldg., and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds			
30	**Total net assets or fund balances** (see instructions)	1,201,645	1,072,377	
31	**Total liabilities and net assets/fund balances** (see instructions)	1,201,645	1,072,377	

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	1,201,645
2	Enter amount from Part I, line 27a	2	-129,268
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	1,072,377
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	1,072,377

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	N/A			
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) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
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

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.

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	298,213	3,121,935	0.095522
2009	268,483	3,107,325	0.086403
2008	240,900	3,089,089	0.077984
2007	190,350	1,849,272	0.102932
2006	171,550	1,846,256	0.092918

2	**Total** of line 1, column (d)	2	0.455759
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	0.091152
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	3,044,208
5	Multiply line 4 by line 3	5	277,486
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	3,054
7	Add lines 5 and 6	7	280,540
8	Enter qualifying distributions from Part XII, line 4	8	416,579

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)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ [ ] and enter "N/A" on line 1				
	Date of ruling or determination letter (attach copy of letter if necessary—see instructions)				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ [X] and enter 1% of Part I, line 27b			1	3,054
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	3,054
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	3,054
6	Credits/Payments				
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a	3,080		
b	Exempt foreign organizations—tax withheld at source	6b			
c	Tax paid with application for extension of time to file (Form 8868)	6c			
d	Backup withholding erroneously withheld	6d			
7	Total credits and payments Add lines 6a through 6d			7	3,080
8	Enter any **penalty** for underpayment of estimated tax Check here [ ] if Form 2220 is attached			8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	26
11	Enter the amount of line 10 to be **Credited to 2012 estimated tax** ▶ 26 Refunded ▶			11	

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?	1a		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)?	1b		X
	If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation. ▶ $ ______ **(2)** On foundation managers ▶ $ ______			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ______			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ GA			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If "Yes," complete Part XIV	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities (continued)

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

Website address ▶ N/A

14 The books are in care of ▶ DAVID H. FLINT Telephone no ▶
1100 PEACHTREE STREET, SUITE 800
Located at ▶ ATLANTA GA ZIP+4 ▶ 30309

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

			Yes	No
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?	16		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

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

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

				Yes	No
1a	During the year did the foundation (either directly or indirectly)				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? **(Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	N/A	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?	☐ Yes ☒ No			
	If "Yes," list the years ▶ 20 , 20 , 20 , 20				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions)	N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20 , 20 , 20 , 20				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 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)	N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 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)? N/A 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? 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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 6b No: X

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? N/A 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
DAVID H. FLINT ATLANTA 1100 PEACHTREE ST. NE, STE. 800 GA 30309	TRUSTEE 2.00	5,000	0	0
MICHAEL D. FLINT ATLANTA 1100 PEACHTREE ST. NE, STE. 800 GA 30309	TRUSTEE 2.00	5,000	0	0
BRYAN H. FLINT ATLANTA 1100 PEACHTREE ST. NE, STE. 800 GA 30309	TRUSTEE 2.00	5,000	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 ▶ 0

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 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 ▶	

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	0
b	Average of monthly cash balances	1b	180,886
c	Fair market value of all other assets (see instructions)	1c	2,909,680
d	**Total** (add lines 1a, b, and c)	1d	3,090,566
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	3,090,566
4	Cash deemed held for charitable activities Enter 1½% of line 3 (for greater amount, see instructions)	4	46,358
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	3,044,208
6	**Minimum investment return.** Enter 5% of line 5	6	152,210

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	152,210
2a	Tax on investment income for 2011 from Part VI, line 5	2a	3,054		
b	Income tax for 2011 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	3,054
3	Distributable amount before adjustments Subtract line 2c from line 1			3	149,156
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	149,156
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	149,156

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	416,579
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	416,579
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	3,054
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	413,525

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					149,156
2	Undistributed income, if any, as of the end of 2011					
a	Enter amount for 2010 only					
b	Total for prior years: 20 ____ , 20 ____ , 20 ____					
3	Excess distributions carryover, if any, to 2011					
a	From 2006	83,173				
b	From 2007	102,870				
c	From 2008	91,857				
d	From 2009	119,114				
e	From 2010	148,262				
f	Total of lines 3a through e		545,276			
4	Qualifying distributions for 2011 from Part XII, line 4 ▶ $ 416,579					
a	Applied to 2010, but not more than line 2a					
b	Applied to undistributed income of prior years (Election required—see instructions)					
c	Treated as distributions out of corpus (Election required—see instructions)					
d	Applied to 2011 distributable amount					149,156
e	Remaining amount distributed out of corpus		267,423			
5	Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a))					
6	**Enter the net total of each column as indicated below:**					
a	Corpus. Add lines 3f, 4c, and 4e Subtract line 5		812,699			
b	Prior years' undistributed income Subtract line 4b from line 2b					
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					
e	Undistributed income for 2010 Subtract line 4a from line 2a Taxable amount—see instructions					
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)					
8	Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)		83,173			
9	**Excess distributions carryover to 2012.** Subtract lines 7 and 8 from line 6a		729,526			
10	Analysis of line 9					
a	Excess from 2007	102,870				
b	Excess from 2008	91,857				
c	Excess from 2009	119,114				
d	Excess from 2010	148,262				
e	Excess from 2011	267,423				

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			
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	(e) Total
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					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the 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))

N/A

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.

N/A

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

Check here ▶ X if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed

N/A

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

N/A

c Any submission deadlines.

N/A

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

N/A

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE ATTACHED SCHEDULE				416,579
Total			▶ 3a	416,579
b Approved for future payment N/A				
Total			▶ 3b	

6854

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) 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			14	982	
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property			16	316,208	
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)		0		317,190	0

13 **Total.** Add line 12, columns (b), (d), and (e) 13 317,190

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

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions.)
N/A	

DAA

6854

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

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

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

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

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
N/A		

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

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

David H. [illegible] 11/19/12 President

Signature of officer or trustee Date Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed
JEFFREY W. WOOLUMS	Jeffrey W. Woolums, CPA	11/14/12	

Firm's name ▶	SMITH, ADCOCK AND COMPANY	PTIN	P00537503
Firm's address ▶	90 W WIEUCA RD NE SUITE 100 ATLANTA, GA 30342	Firm's EIN ▶	58-0979080
		Phone no	404-252-2208

DAA

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 16a - Legal Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
INDIRECT LEGAL FEES	$ 3,675	$ 3,675	$	$
TOTAL	$ 3,675	$ 3,675	$ 0	$ 0

Statement 2 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
INDIRECT ACCOUNTING FEES	$ 2,732	$ 2,732	$	$
TOTAL	$ 2,732	$ 2,732	$ 0	$ 0

Statement 3 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
ADMINISTRATIVE FEE	$ 5,000	$ 5,000	$	$
TOTAL	$ 5,000	$ 5,000	$ 0	$ 0

Statement 4 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
INDIRECT TAXES/LICENSES	$ 3,073	$	$	$
TOTAL	$ 3,073	$ 0	$ 0	$ 0

Federal Statements

Statement 5 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
	$	$	$	$
EXPENSES				
COMPUTER EXPENSES	221	221		
CHECK PRINTING	178	178		
TOTAL	$ 399	$ 399	$ 0	$ 0

Federal Statements

Statement 6 - Form 990-PF, Part II, Line 14 - Land, Building, and Equipment

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
BUILDING AND EQUIPMENT	$ 959,600	$ 959,600	$	$ 2,906,600
TOTAL	$ 959,600	$ 959,600	$ 0	$ 2,906,600

Federal Statements

Taxable Interest on Investments

Description	Amount	Unrelated Business Code	Exclusion Code	Postal Code	US Obs ($ or %)
WESTSIDE BANK	$ 93		14		
GA PRIMARY BANK	889		14		
TOTAL	$ 982				

The Arnold Foundation
Federal EIN# 58-2450328
FYE 09/30/12

Form 990-PF, Part XV, Line 3, Grants and Contributions Paid During the Year

Recipient	Amount
American Cancer Society P O Box 56566 Atlanta, GA 30343	6,250 00
Anti-Defamation League 605 Third Avenue New York, NY 0158-3560	3,000.00
Ashford Park School Education Foundation 1417 Wilford Drive Atlanta, GA 30319	500 00
Atlanta Gay Men's Chorus 781 Peachtree Street, NE Atlanta, GA 30308	1,000 00
American Heart Association 1101 Northchase Parkway, Suite 1 Marietta, GA 30067	500.00
Atlanta Humane Society 981 Howell Mill Road, NW Atlanta, GA 30318-5512	15,000.00
Atlanta Police Foundation 127 Peachtree Street 201 Candler Building Atlanta, GA 30303	7,800.00
Atlanta Symphony Orchestra 1280 Peachtree Street, NE Suite 4074 Atlanta, GA 30309	20,000 00
The Beltline Partnership 50 Hurt Plaza, Suite 910 Atlanta, GA 30309	5,000 00
Bobby Dodd Coach of the Year Foundation Trophy Fund Campaign P O. Box 15908 Chattanooga, TN 37415	15,950 00
Boys & Girls Clubs of Metro Atlanta Herman B. Guinn Service Center 100 Edgewood Avenue, NE Atlanta, GA 30355	10,000.00

The Arnold Foundation
Federal EIN# 58-2450328
FYE 09/30/12

Form 990-PF, Part XV, Line 3, Grants and Contnbutions Paid During the Year

Recipient	Amount
Buckhead Lions Club Foundation, Inc P O Box 147 Alpharetta, GA 30009-0147	3,500.00
Chemoflage, Inc 5602 Brooke Ridge Drive Atlanta, GA 30338	5,000.00
City of Doraville 3725 Park Avenue Doravılle, GA 30340	4,000.00
Clemson IPTAY P O Box 1529 Clemson, SC 29633-1529	20,000.00
Cnppled Chıldren's Foundation 1901 Sıxth Avenue North 2400 Regıons Harbert Plaza Bırmıngham, AL 35203-2618	2,500 00
Dekalb Chamber of Commerce 100 Crescent Center Parkway Suite 680 Tucker, GA 30084	5,000.00
The Drummond Foundatıon, Inc. 3525 Pıedmont Road, NE Buıldıng 8, Suıte 205 Atlanta, GA 30305	300 00
Emory Unıversıty Woodruff Physıcal Educatıon Center 600 Asbury Cırcle Atlanta, GA 30322	25,000.00
Foundatıon of Wesley Woods 1817 Clıfton Road, NE Atlanta, GA 30329	2,500 00
Fnends of English Avenue, Inc 2141 Paces Ferry Road Suıte 250 Manetta, GA 30067	1,000.00
George West Mental Health Foundation 1961 North Druid Hills Road, NE Atlanta, GA 30329	6,000 00

The Arnold Foundation
Federal EIN# 58-2450328
FYE 09/30/12

Form 990-PF, Part XV, Line 3, Grants and Contributions Paid During the Year

Recipient	Amount
Georgia State University Foundation P.O. Box 3963 Atlanta, GA 30309-4516	93,333.34
Harnett County Relay For Life c/o American Cancer Society 250 William Street NW, Suite 400 Atlanta, GA 30303-1002	250.00
Coral Wood Elementary School 2477 Coralwood Drive Decatur, GA 30033	863.88
Irwinton Masonic Cemetery Trust Fund 1262 Waterfork Road Irwinton, GA 31042	1,000 00
Juvenile Diabetes Research Foundation 26 Broadway, 14th Floor New York, NY 10004	250.00
Lakeside High School Foundation 2286 Leafmore Drive Decatur, GA 30033	500.00
Lighthouse Family Retreat P.O. Box 847 Marietta, GA 30061	8,500.00
Leukemia & Lymphoma Society 3715 Northside Parkway Building 400, Suite 300 Atlanta, GA 30327	250.00
Marcus Autism Center 1920 Briarcliff Road Atlanta, GA 30329	1,000.00
MedShare International 3240 Clifton Springs Road Decatur, GA 30034	15,000.00
Mahaber Partners of Ethiopia 2110 Alachua Street Fernandina Beach, FL 32034	1,000.00
Morrow Masonic Lodge McGarrah Scholarship Fund P. O. Box 248 Morrow, GA 30260	250.00

The Arnold Foundation
Federal EIN# 58-2450328
FYE 09/30/12

Form 990-PF, Part XV, Line 3, Grants and Contributions Paid During the Year

Recipient	Amount
Northside Athletes Foundation 800 Mt Venron Highway, Ste 200 Atlanta, GA 30328	10,500.00
Prevent Blindness of Georgia 455 East Paces Ferry Road, Ste. 222 Atlanta, GA 30305-3319	5,000.00
Polo For Parkinson's 8010 Roswell Road Suite 120 Atlanta, GA 30350	2,500.00
RLP Charity Golf Tournament 505 Hames Road Marietta, GA 30060	1,200 00
S A.L Post 201 12285 Clairmonte Avenue Alpharetta, GA 30009	500 00
Senior Connections, Inc 5238 Peachtree Road Atlanta, GA 30341-2718	1,200.00
Shepherd Center Foundation 2020 Peachtree Road, NW Atlanta, GA 30309	18,300.00
Skyland Trail 1961 North Druid Hills Road Atlanta, GA 30329	10,000 00
Small Dog Rescue P. O Box 888570 Atlanta, GA 30327	1,000 00
Special Olympics Georgia 4000 Dekalb Technology Parkway Suite 400, Building 400 Atlanta, GA 30340	23,500.00
Start With One International, Inc. 717 E Morningside Drive Atlanta, GA 30324	5,000.00
St. Martin's Episcopal School 3110-A Ashford Dunwoody School Atlanta, GA 30319	275.00

The Arnold Foundation
Federal EIN# 58-2450328
FYE 09/30/12

Form 990-PF, Part XV, Line 3, Grants and Contributions Paid During the Year

Recipient	Amount
Tellus Science Museum P O. Box 3663 Cartersville, GA 30120	5,000.00
Texas Southern University 3100 Cleburn Street Houston, TX 77004	10,356.50
Union County Volunteer Fire Department Stations 3 & 12 P O. Box 1517 Blairsville, GA 30514	250.00
University of Georgia Relay for Life American Cancer Society 1684 Barnett Shoals Road Athens, GA 30605	2,500 00
University of Tennessee at Chattanooga Director of Stewardship and Donor Recognition 600 Andy Holt Tower Knoxville, TN 37996-0165	25,000 00
University of West Georgia Foundation, Inc 1601 Maple Street Carrollton, GA 30118	5,000 00
Visiting Nurse / Hospice Atlanta 5775 Glenridge Drive, Suite E200 Atlanta, GA 30328	2,500 00
Winship Cancer Institute Emory University 1440 Clifton Road NE, Suite 170 Atlanta, GA 30322	5,000 00
Total Contribution	416,578.72