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

2011

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 DEC 1, 2011, and ending NOV 30, 2012

Name of foundation <b>BETSY ROSS FOUNDATION, INC.</b>		A Employer identification number <b>62-1490795</b>
Number and street (or P O box number if mail is not delivered to street address) <b>1595 HIGHWAY 218 BYPASS</b>	Room/suite	B Telephone number <b>(731) 642-6116</b>
City or town, state, and ZIP code <b>PARIS, TN 38242-6642</b>		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input checked="" type="checkbox"/> Address 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) \$ <b>1,641,244.</b>	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)		(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		2,327,760.		N/A	
2 Check <input type="checkbox"/> if the foundation is not required to attach 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 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					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income		86,651.	86,651.		STATEMENT 1
12 Total Add lines 1 through 11		2,414,411.	86,651.		
13 Compensation of officers, directors, trustees, etc		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 2		7,094.	6,144.		0.
c Other professional fees					
17 Interest					
18 Taxes					
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 3		5,000.	2,500.		0.
24 Total operating and administrative expenses Add lines 13 through 23		12,094.	8,644.		0.
25 Contributions, gifts, grants paid		20,350.			20,350.
26 Total expenses and disbursements Add lines 24 and 25		32,444.	8,644.		20,350.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		2,381,967.			
b Net investment income (if negative, enter -0-)			78,007.		
c Adjusted net income (if negative, enter -0-)				N/A	



**Part II Balance Sheets**

Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year		
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
<b>Assets</b>	1 Cash - non-interest-bearing	1,961.	59,368.	59,368.	
	2 Savings and temporary cash investments				
	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				
	7 Other notes and loans receivable ▶				
	Less: allowance for doubtful accounts ▶				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments - U.S. and state government obligations				
	b Investments - corporate stock				
	c Investments - corporate bonds				
	11 Investments - land, buildings, and equipment basis ▶				
	Less accumulated depreciation ▶				
	12 Investments - mortgage loans				
	13 Investments - other				
	14 Land, buildings, and equipment: basis ▶				
	Less accumulated depreciation ▶				
	15 Other assets (describe ▶ <b>STATEMENT 4</b> )	0.	2,324,560.	1,581,876.	
	16 <b>Total assets</b> (to be completed by all filers)	1,961.	2,383,928.	1,641,244.	
	<b>Liabilities</b>	17 Accounts payable and accrued expenses	698.	698.	
		18 Grants payable			
19 Deferred revenue					
20 Loans from officers, directors, trustees, and other disqualified persons					
21 Mortgages and other notes payable					
22 Other liabilities (describe ▶ )					
23 <b>Total liabilities</b> (add lines 17 through 22)		698.	698.		
<b>Net Assets or Fund Balances</b>	Foundations that follow SFAS 117, check here <input checked="" type="checkbox"/> <b>and complete lines 24 through 26 and lines 30 and 31.</b>				
	24 Unrestricted	1,263.	2,383,230.		
	25 Temporarily restricted				
	26 Permanently restricted				
	Foundations that do not follow SFAS 117, check here <input type="checkbox"/> <b>and complete lines 27 through 31.</b>				
	27 Capital stock, trust principal, or current funds				
	28 Paid-in or capital surplus, or land, bldg., and equipment fund				
	29 Retained earnings, accumulated income, endowment, or other funds				
30 <b>Total net assets or fund balances</b>	1,263.	2,383,230.			
31 <b>Total liabilities and net assets/fund balances</b>	1,961.	2,383,928.			

**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	1,263.
2 Enter amount from Part I, line 27a	2	2,381,967.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	2,383,230.
5 Decreases not included in line 2 (itemize) ▶	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	2,383,230.

Form 990-PF (2011)



**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.)
<b>1a</b>			
<b>b</b> NONE			
<b>c</b>			
<b>d</b>			
<b>e</b>			

(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)
<b>a</b>			
<b>b</b>			
<b>c</b>			
<b>d</b>			
<b>e</b>			

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) 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	
<b>a</b>			
<b>b</b>			
<b>c</b>			
<b>d</b>			
<b>e</b>			

<b>2</b> 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 }	<b>2</b>	
<b>3</b> 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). If (loss), enter -0- in Part I, line 8	{ }	<b>3</b>	

**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 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	10,350.	2,205.	4.693878
2009	2,900.	484.	5.991736
2008	11,767.	913.	12.888280
2007	23,894.	<1,592.>	.000000
2006	30,845.	657.	46.948250

<b>2</b> Total of line 1, column (d)	<b>2</b>	70.522144
<b>3</b> 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	<b>3</b>	14.104429
<b>4</b> Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	<b>4</b>	1,561,192.
<b>5</b> Multiply line 4 by line 3	<b>5</b>	22,019,722.
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)	<b>6</b>	780.
<b>7</b> Add lines 5 and 6	<b>7</b>	22,020,502.
<b>8</b> Enter qualifying distributions from Part XII, line 4	<b>8</b>	20,350.

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 <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)		1	1,560.
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		2	0.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		3	1,560.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
3 Add lines 1 and 2		5	1,560.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		6a	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		6b	
6 Credits/Payments:		6c	
a 2011 estimated tax payments and 2010 overpayment credited to 2011		6d	
b Exempt foreign organizations - tax withheld at source		7	0.
c Tax paid with application for extension of time to file (Form 8868)		8	19.
d Backup withholding erroneously withheld		9	1,579.
7 Total credits and payments. Add lines 6a through 6d		10	
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached		11	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed			
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid			
11 Enter the amount of line 10 to be: Credited to 2012 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>			

**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?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		X
1c 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? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a 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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> TN		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

N/A

Form 990-PF (2011)



**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>N/A</u>	13	X	
14	The books are in care of ► <u>JULIE WILLIAMS</u> Telephone no. ► <u>(731) 642-6113</u> Located at ► <u>1595 HIGHWAY 218 BYPASS, PARIS, TN</u> ZIP+4 ► <u>38242</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	15	N/A	
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
<b>1a</b> 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>b</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	N/A ► <input type="checkbox"/>	1b	
<b>c</b> 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
<b>2</b> 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)):			
<b>a</b> 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 ►	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>b</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	
<b>c</b> If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ►			
<b>3a</b> 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>b</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	
<b>4a</b> Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a	X
<b>b</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

Form 990-PF (2011)



**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)?

☐ 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****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.

(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 5		0.	0.	0.

**2** Compensation of five highest-paid employees (other than those included on line 1). 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

Form 990-PF (2011)



**Part VIII****Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** (continued)**3** Five highest-paid independent contractors for professional services. 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

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	
SEE STATEMENT 6	10,350.
2 FUNDS WERE PROVIDED FOR COLLEGE SCHOLARSHIPS	
	2,000.
3 FUNDS PROVIDED TO ADVANCE MISSIONS EFFORT OF XALTED MINISTRIES	
	8,000.
4	

**Part IX-B** Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 NONE	
	0.
2	
All other program-related investments. See instructions.	
3 NONE	
	0.
	0.
Total. Add lines 1 through 3	0.

Form 990-PF (2011)



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

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
<b>a</b>	Average monthly fair market value of securities	<b>1a</b>	0.
<b>b</b>	Average of monthly cash balances	<b>1b</b>	3,091.
<b>c</b>	Fair market value of all other assets	<b>1c</b>	1,581,876.
<b>d</b>	<b>Total</b> (add lines 1a, b, and c)	<b>1d</b>	1,584,967.
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) <b>SEE STATEMENT 7</b>	<b>1e</b>	742,684.
<b>2</b>	Acquisition indebtedness applicable to line 1 assets	<b>2</b>	0.
<b>3</b>	Subtract line 2 from line 1d	<b>3</b>	1,584,967.
<b>4</b>	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	<b>4</b>	23,775.
<b>5</b>	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	<b>5</b>	1,561,192.
<b>6</b>	<b>Minimum investment return.</b> Enter 5% of line 5	<b>6</b>	78,060.

**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.)

<b>1</b>	Minimum investment return from Part X, line 6	<b>1</b>	78,060.
<b>2a</b>	Tax on investment income for 2011 from Part VI, line 5	<b>2a</b>	1,560.
<b>b</b>	Income tax for 2011. (This does not include the tax from Part VI.)	<b>2b</b>	
<b>c</b>	Add lines 2a and 2b	<b>2c</b>	1,560.
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1	<b>3</b>	76,500.
<b>4</b>	Recoveries of amounts treated as qualifying distributions	<b>4</b>	0.
<b>5</b>	Add lines 3 and 4	<b>5</b>	76,500.
<b>6</b>	Deduction from distributable amount (see instructions)	<b>6</b>	0.
<b>7</b>	<b>Distributable amount as adjusted.</b> Subtract line 6 from line 5. Enter here and on Part XIII, line 1	<b>7</b>	76,500.

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

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
<b>a</b>	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	<b>1a</b>	20,350.
<b>b</b>	Program-related investments - total from Part IX-B	<b>1b</b>	0.
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the:		
<b>a</b>	Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4</b>	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	20,350.
<b>5</b>	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	<b>5</b>	0.
<b>6</b>	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	<b>6</b>	20,350.

**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.

Form 990-PF (2011)



**Part XIII** Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
<b>1</b> Distributable amount for 2011 from Part XI, line 7				76,500.
<b>2</b> Undistributed income, if any, as of the end of 2011				
<b>a</b> Enter amount for 2010 only			0.	
<b>b</b> Total for prior years:		0.		
<b>3</b> Excess distributions carryover, if any, to 2011:				
<b>a</b> From 2006	30,812.			
<b>b</b> From 2007	23,895.			
<b>c</b> From 2008	11,721.			
<b>d</b> From 2009	2,876.			
<b>e</b> From 2010	10,240.			
<b>f</b> Total of lines 3a through e	79,544.			
<b>4</b> Qualifying distributions for 2011 from Part XII, line 4: ► \$	20,350.			
<b>a</b> Applied to 2010, but not more than line 2a			0.	
<b>b</b> Applied to undistributed income of prior years (Election required - see instructions)		0.		
<b>c</b> Treated as distributions out of corpus (Election required - see instructions)	0.			
<b>d</b> Applied to 2011 distributable amount				20,350.
<b>e</b> Remaining amount distributed out of corpus	0.			
<b>5</b> Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)	56,150.			56,150.
<b>6</b> Enter the net total of each column as indicated below:				
<b>a</b> Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	23,394.			
<b>b</b> Prior years' undistributed income. Subtract line 4b from line 2b		0.		
<b>c</b> 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.		
<b>d</b> Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
<b>e</b> Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
<b>f</b> Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				0.
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
<b>8</b> Excess distributions carryover from 2006 not applied on line 5 or line 7	0.			
<b>9</b> Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	23,394.			
<b>10</b> Analysis of line 9:				
<b>a</b> Excess from 2007				
<b>b</b> Excess from 2008	10,278.			
<b>c</b> Excess from 2009	2,876.			
<b>d</b> Excess from 2010	10,240.			
<b>e</b> Excess from 2011				



N/A

- (4) Gross investment income**

2011.05020 BETSY ROSS FOUNDATION, INC. 3081 1



**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
<b>a Paid during the year</b>				
MURRAY STATE UNIVERSITY 106 DEVELOPMENT CENTER MURRAY, KY 42071-3313	NONE	PUBLIC UNIVERSITY	SCHOLARSHIPS	10,350.
UNIVERSITY OF TENNESSEE  KNOXVILLE, TN	NONE	PUBLIC UNIVERSITY	DONATION TO UNIVERSITY OF TENNESSEE	2,000.
XALTED MINISTRY 8 TREUTLEN LANE SAVANNAH, GA 31411	NONE	MISSIONS MINISTRY	DONATION TO MINISTRY ORGANIZATION  DONATION	8,000.
<b>Total</b>				<b>20,350.</b>
<b>b Approved for future payment</b>				
NONE				
<b>Total</b>				<b>0.</b>







### Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	JOHN V. RAYBURN	<i>John V. Rayburn</i>	1/15/13		P00429464
	Firm's name ▶ RAYBURN, BATES & FITZGERALD, P.C.				Firm's EIN ▶ 62-1471522
	Firm's address ▶ 5200 MARYLAND WAY, SUITE 300 BRENTWOOD, TN 37027				Phone no. (615) 661-7878



**Schedule B**(Form 990, 990-EZ,  
or 990-PF)Department of the Treasury  
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

OMB No 1545-0047

**2011**

Name of the organization

**BETSY ROSS FOUNDATION, INC.**

Employer identification number

**62-1490795**

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

☐

501(c)( ) (enter number) organization

☐4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐

527 political organization

Form 990-PF

☒

501(c)(3) exempt private foundation

☐

4947(a)(1) nonexempt charitable trust treated as a private foundation

☐

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II

**Special Rules**

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ▶ \$ \_\_\_\_\_

**Caution.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990, or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

**LHA** For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2011)



Name of organization	Employer identification number
<b>BETSY ROSS FOUNDATION, INC.</b>	<b>62-1490795</b>

**Part I Contributors** (see instructions) Use duplicate copies of Part I if additional space is needed

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>1</u>	<u>ALLEGRO FINE FOODS</u> <u>P.O. BOX 1262</u> <u>PARIS, TN 38242</u>	\$ <u>3,200.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
<u>2</u>	<u>ESTATE OF MR. DAVID WILCOX</u> <u>1595 HIGHWAY 218 BYPASS</u> <u>PARIS, TN 38242</u>	\$ <u>2,324,560.</u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)



Employer identification number

62-1490795

**Part II    Noncash Property** (see instructions) Use duplicate copies of Part II if additional space is needed

[illegible]



Name of organization

Employer identification number

**BETSY ROSS FOUNDATION, INC.****62-1490795****Part III**

*Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once) ▶ \$*

Use duplicate copies of Part III if additional space is needed

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee



FORM 990-PF	OTHER INCOME		STATEMENT	1
DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	
ALLEGRO FINE FOODS	86,651.	86,651.		
TOTAL TO FORM 990-PF, PART I, LINE 11	86,651.	86,651.		

FORM 990-PF	ACCOUNTING FEES		STATEMENT	2
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	7,094.	6,144.		0.
TO FORM 990-PF, PG 1, LN 16B	7,094.	6,144.		0.

FORM 990-PF	OTHER EXPENSES		STATEMENT	3
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ADMINISTRATIVE	5,000.	2,500.		0.
TO FORM 990-PF, PG 1, LN 23	5,000.	2,500.		0.

FORM 990-PF	OTHER ASSETS		STATEMENT	4
DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE	
MARINADE ROYALTY AGREEMENT	0.	2,324,560.	1,581,876.	
TO FORM 990-PF, PART II, LINE 15	0.	2,324,560.	1,581,876.	



FORM 990-PF	PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS	STATEMENT 5
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NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
JULIET WILLIAMS 1165 WILDCREEK DRIVE COLLIERVILLE, TN 38017	CHAIRMAN OF THE BOARD 2.50	0.	0.	0.
JOHN FUQUA 1595 HWY 218 BYPASS PARIS, TN 38242	DIRECTOR 0.50	0.	0.	0.
MARY LOU REED PO BOX 667 WHITE BLUFF, TN 37187	SECRETARY 0.50	0.	0.	0.
RUTH CONROY 151 FLAT RIDGE ROAD GOODLETTSVILLE, TN 37071	TREASURER 0.50	0.	0.	0.
THOMAS HARRISON 1595 HWY 218 BYPASS PARIS, TN 38242	DIRECTOR 0.50	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

FORM 990-PF	SUMMARY OF DIRECT CHARITABLE ACTIVITIES	STATEMENT 6
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## ACTIVITY ONE

FUNDS WERE PROVIDED FOR COLLEGE SCHOLARSHIPS. ALL INDIVIDUALS RECEIVING SCHOLARSHIPS WERE SELECTED FROM THE LOCAL COMMUNITY BY THE OFFICERS AT THE BETSY ROSS FOUNDATION AND WERE BASED UPON FINANCIAL NEED ON AN OBJECTIVE AND NONDISCRIMINATORY BASIS.

TO FORM 990-PF, PART IX-A, LINE 1

## EXPENSES

10,350.









## HOLD THY BANNER HIGH

The Campaign for the Students of Murray State University

December 13, 2011

Betsy Ross Foundation Inc  
Attn David B Wilcox  
PO Box 1262  
Paris, TN 38242

### Office of Development

106 Development Center  
Murray, KY 42071-3313  
270 809 3001  
1 877 282 0033  
270 809 3436 fax  
giving@murraystate.edu

WILLIAM MURRAY, '03

Please accept our warmest thanks for your recent gift to Murray State University. We appreciate your generosity and support of MSU. We will use your contribution, as you specified, which will continue to assist us in providing scholarships, cultural opportunities, and state of the art technology for our students.

Your President's Club gifts for the year 2011 totaling \$7,000.00, places you at the **Cabinet** level.

The U.S. News & World Report's 2011 edition of America's Best Colleges has recognized Murray State University, for the 20th consecutive year, as one of the best schools in the country, which includes both private and public schools. Murray State comes in at 22nd in the South among private and public schools, is the 12th top public university in the nation in both the Master's/Comprehensive category, and is in seventh-place among the top public universities in the South. Such honors would not be possible without *your* support and dedication, which is critical to our success!

With your gift, you have sent a powerful message about your commitment to helping Murray State University and its students. Your gift *will* have an impact on the lives of our students. We pledge to be good stewards of your support and trust.

With gratitude and appreciation,

Jamie Haynes  
Assistant Director  
Stewardship & Donor Relations

*Detach and retain for tax purposes*

*The following gifts were received:*



## HOLD THY BANNER HIGH

The Campaign for the Students of Murray State University

Betsy Ross Foundation Inc  
Attn David B Wilcox  
PO Box 1262  
Paris, TN 38242

Receipt# 2128969  
ID# 000041388

<u>Gift Date</u>	<u>Fund Title</u>	<u>Campaign</u>	<u>Gift Amount</u>
12/9/2011	Betsy Ross Foundation FFA Scholarship Note: \$1,250 Fall 2011 / \$750 Spring 2012	Development & Major Gifts	\$2,000.00
12/9/2011	Betsy Ross Foundation Rodeo Scholarship Note: \$1,250 Fall 2011 / \$1,250 Spring 2012	Development & Major Gifts	\$2,500.00
<b>Total:</b>			<b>\$4,500.00</b>



**Betsy Ross Foundation Scholarship Awards  
For Murray State University - 2011/2012**

Betsy Ross Foundation Scholarship	Field of Study	First Name	Last Name	Fall	Spring
Rodeo Scholarship	Rodeo	Logan	Corbett	\$200	\$200
Rodeo Scholarship	Rodeo	Landon	Crull	\$200	\$200
Rodeo Scholarship	Rodeo	Kaitlyne	Davis	\$125	\$125
Rodeo Scholarship	Rodeo	Jarrett	McLaughlin	\$125	\$125
Rodeo Scholarship	Rodeo	Hannah	Nolan	\$200	\$200
Rodeo Scholarship	Rodeo	Stephanie	Wallace	\$200	\$200
Rodeo Scholarship	Rodeo	Kristen	Yunker	\$200	\$200
FFA Scholarship	FFA	Joshua	Gallimore	\$250	\$250
FFA Scholarship	FFA	Adderley	Griffo	\$250	\$250
FFA Scholarship	FFA	Jenni	Parrent	\$500	-0-
FFA Scholarship	FFA	Derek	Rogers	\$250	\$250



**Betsy Ross Foundation Scholarship Awards  
For Murray State University - 2012/2013**

Betsy Ross Foundation Scholarship	Field/Area	First Name	Last Name	Fall	Spring
Rodeo Scholarship	Rodeo	Logan	Corbett	\$200	\$200
Rodeo Scholarship	Rodeo	Landon	Crull	\$200	\$200
Rodeo Scholarship	Rodeo	Kristy	Maxwell	\$400	-0-
Rodeo Scholarship	Rodeo	Hannah	Nolan	\$200	\$200
FFA Scholarship	FFA	Brian	Jarvis	\$250	\$250
FFA Scholarship	FFA	Jay	Middleton	\$250	\$250
FFA Scholarship	FFA	Griffin	Paschall	\$250	\$250
<b>TOTAL</b>				<b>\$1,750</b>	<b>\$1,350</b>





October 14, 2012

John,

I wanted to take this opportunity to thank you for the donation the Betsy Ross Foundation gave to my ministry in 2012. Over the past year, my ministry has been bless and has received the following:

June 2012 - \$2,000.00  
July 2012 - \$2,000.00  
August 2012 - \$ 2,000.00  
September 2012 - \$ 2,000.00  
**TOTAL - \$ 8,000.00**

John, please pass on my thanks to Dave's daughters. I couldn't be down here doing what I do without them. This gift from The Betsy Ross Foundation allowed us to reach out to many of the children in Nicaragua. Through education and Christian values we are shaping the lives of these children. They no longer have to run from child prostitution, drugs, or other forms of abuse. That is because the Betsy Ross Foundation has made it possible to provide a safe haven for them to confide in. I appreciate all that you have done. On behalf of me and the people of Nicaragua, THANK YOU!

All gifts are tax deductible to the full extent of the law. Unless noted otherwise, no goods or services were provided to you in consideration for this gift.

God Bless,

Tom Seipel  
Xalted Ministries  
8 Treutlen Lane  
Savannah GA, 31411  
EIN# 45-2026052



Betsy Ross Foundation, Inc  
Allegro Royalty Agreement Updated  
November 30, 2012

17004-2  
JVR  
1/2/2012

Value per Estate Return	\$	2,324,560	Based on 3 55% with 50 year payment
Revised		\$1,581,876	
Difference		\$742,684	



Estate of David B. Wilcox

SSN: [REDACTED]

## Royalty Agreement Valuation

### The Company:

Allegro Fine Foods, Inc. is a manufacturer of marinades, sauces, and liquid seasonings for human food consumption. The leading product the company is known for is the Allegro marinade, which is sold in all parts of the country. Company history credits the origination of this marinade business to a young married couple in 1955, who were looking for a way to make their inexpensive meat dinners more edible. After experimenting with different ideas for tenderizing and marinating, Betsy and Dave Wilcox came up with the original Allegro formula.

The first operations of Allegro Fine Foods, Inc. began in 1972 as a restaurant in Paris, Tennessee. Over time, the Wilcox family began bottling the marinade used in the restaurant. As the bottling business began to grow, the family closed the restaurant and concentrated on the marinade business. Allegro moved its operations into a small manufacturing facility at 307 Fairview Street in Paris, and the company continued its growth. As the company grew, Allegro products were marketed throughout the United States, and Allegro maintained profitable relationships with major grocery stores and retailers (such as Kroger and Wal-Mart). In addition to manufacturing marinades and barbeque sauces under the Allegro brand, the company produced and distributed private label products for restaurants, grocery chains, and specialty retailers. As production and business increased, Allegro found it necessary to move into its current facility at 1595 Highway 218 By-Pass in Paris in 2005. This expansion to a facility over four times the size of the original facility is testament of growth over the years.

Allegro has continued to be a progressive company and is considered an industry leader in the marinade and meat sauce area.

### The Charitable Foundation:

In 1985, Betsy Wilcox died. As Betsy had been Dave's "partner" from the time in the newlywed apartment to seeing a viable business turn the corner, this gave Dave Wilcox certain dreams of his wife's legacy and established the Betsy Ross Foundation. The foundation assists local citizens with educational opportunities, drug and alcohol rehabilitation, and other community support services.

Betsy Ross Foundation, Inc. is a 501(c)3 organization designated as a private foundation by the Internal Revenue Service. The EIN for the foundation is 62-1490795.

### The Royalty Agreement:

Considering Allegro's name and brand recognition and the value of the original recipe created by Dave and Betsy Wilcox, the Board of Directors in May 1995 entered into a Royalty Agreement whereby Allegro would compensate David Wilcox for using the original recipe for marinade and other sauces produced by the company. This agreement caps the royalty payments at \$100,000 per year and is based on a royalty payout of four cents per bottle manufactured and sold. This agreement further provides



that upon the death of David Wilcox, the royalty payments would be paid to the Betsy Ross Foundation, Inc.

Amendment Number One: The Royalty Agreement was amended in 2001 to clarify the payment terms during the life of David Wilcox and does not include a cap on the amount of royalty payments per year during his life. This amendment includes a contingency that upon the death of David Wilcox, payments to the Betsy Ross Foundation will be limited to \$100,000 per year.

Amendment Number Two: The Royalty Agreement was also amended in 2005 first to place a floor (of \$25,000 per year) on the amount to be paid to the Betsy Ross Foundation. The ceiling of \$100,000 was not adjusted. This amendment also recognizes the changes made in recent years with regard to bottling and production. This amendment provided for different quantities of bottles or units of production sold. (According to the Royalty Payout Table, a five ounce bottle will have a much smaller royalty payment than a 55 gallon drum of sauce.)

The original agreement and the two amendments provide that the royalty payment agreement will continue to apply to the sauce "sold by the Company or any of its subsidiaries, affiliates, successors, or assigns." Amendment Number Two is explicit that if a Buyer acquires the right to prepare, manufacture and/or sell the sauces, the Buyer shall have the obligation to make the royalty payment.

A copy of the original royalty agreement and the amendments are included as *Exhibit A*. A copy of the Bylaws of the Betsy Ross Foundation, Inc. is included as *Exhibit B*.

**Computation of Royalty Agreement Value:**

The Agreement(s) noted above provide for a payment of a ceiling (of \$100,000 per year) and a floor (of \$25,000 per year) to the Betsy Ross Foundation. For purposes of this computation, \$100,000 will be used.

The adjusted federal long-term rate for December 2011, as published by the Internal Revenue Service, is 3.55%

It is uncertain how many years payments to the Foundation will be made. For purposes of this computation, a fifty year payment stream will be used.

The present value factor for an annuity payout for 50 years at a 3.55% interest rate is 23.2456.

Payment	\$ 100,000
PV factor at 3.55%	<u>23.2456</u>
Value	<u>\$ 2,324,560</u>





**ALLEGRO FINE FOODS, INC.  
WRITTEN CONSENT OF THE BOARD OF DIRECTORS  
AND SOLE VOTING SHAREHOLDER  
IN LIEU OF MEETING**

The undersigned, being all of the directors and the sole holder of all of the issued and outstanding voting common stock of ALLEGRO FINE FOODS, INC. (the "Corporation"), a Tennessee corporation, acting by written consent as permitted by Sections 48-18-202(a) and 48-17-104 of the Tennessee Business Corporation Act, as amended (the "Act"), do hereby take the following actions and adopt the following resolutions:

WHEREAS, it is anticipated that David B. Wilcox, a director and the President of the Corporation, will retire from the employment of the Corporation upon reaching the age of 65 years;

WHEREAS, the Corporation has been paying to Mr. Wilcox a royalty in consideration for the right to use the recipe created by Mr. Wilcox as the basis for the Corporation's line of specialty marinade sauces, and in view of Mr. Wilcox's impending retirement, both the Corporation and Mr. Wilcox wish to confirm the royalty agreement;

WHEREAS, the undersigned have reviewed the Confirmation of Royalty Agreement between the Corporation and Mr. Wilcox dated as of May 1, 1995 (the "Royalty Agreement") and attached hereto as Exhibit A, which contemplates continued royalty payments to Mr. Wilcox on the same basis as they previously have been made;

WHEREAS, the undersigned acknowledge that the material facts of the Royalty Agreement and the transactions contemplated thereby are known to the Board of Directors and the sole voting shareholder of the Corporation;

WHEREAS, the undersigned directors and sole voting shareholder acknowledge the interest of Mr. Wilcox in the transactions contemplated by the Royalty Agreement and the benefits he will derive thereunder; and

WHEREAS, the undersigned have determined that the actions contemplated by the Royalty Agreement are in the best interests of and fair to the Corporation:

RESOLVED, that the Board of Directors does hereby authorize and approve the Royalty Agreement;

FURTHER RESOLVED, that the Executive Vice President of the Corporation, John O. Fuqua, is hereby authorized, empowered, and directed to take any and all actions necessary to execute and deliver the Royalty Agreement and consummate the transactions contemplated thereby; and



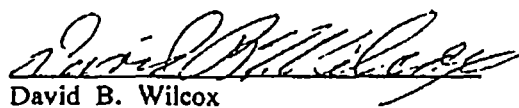
FURTHER RESOLVED, that the sole voting shareholder of the Corporation hereby authorizes, approves, and ratifies the Royalty Agreement.

The Secretary of the Corporation is hereby directed to place this consent in the appropriate order in the Minute Book of the Corporation. This consent may be executed in counterparts, all of which taken together shall be deemed to be a single original document.

IN WITNESS WHEREOF, the undersigned, to evidence their consent to taking the foregoing actions by written instrument in lieu of a meeting, have hereunto set their hands and indicated their votes on the above-stated resolutions as of the 1st day of May, 1995.

**DIRECTORS:**

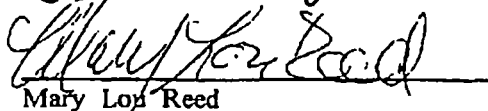
FOR      AGAINST      ABSTAIN

  
David B. Wilcox

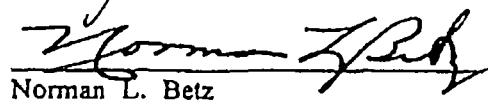
X      \_\_\_\_\_      \_\_\_\_\_

  
John O. Fuqua

X      \_\_\_\_\_      \_\_\_\_\_

  
Mary Lou Reed

X      \_\_\_\_\_      \_\_\_\_\_

  
Norman L. Betz

X      \_\_\_\_\_      \_\_\_\_\_

**SOLE VOTING SHAREHOLDER:**

FOR      AGAINST      ABSTAIN

  
David B. Wilcox

X      \_\_\_\_\_      \_\_\_\_\_



## CONFIRMATION OF ROYALTY AGREEMENT

This CONFIRMATION OF ROYALTY AGREEMENT, dated as of May 1, 1995, is by and between DAVID B. WILCOX, an individual resident of the State of Tennessee ("Wilcox"), and ALLEGRO FINE FOODS, INC., a Tennessee corporation (the "Company").

### RECITALS:

The parties acknowledge that Wilcox, alone and/or with his wife, created the recipe in 1955 that has served as the basis for the Company's line of specialty marinade sauces; that Wilcox was the founder of the Company and has been employed by it for many years, most recently as President; and that during such period, in consideration for the right to use the recipe developed by Wilcox, the Company has paid and continues to pay a royalty to Wilcox of four cents (\$.04) per bottle of sauce sold by the Company. In contemplation of the retirement of Wilcox from the employ of the Company upon his reaching the age of 65 years, the parties desire to confirm the royalty agreement between the Company and Wilcox.

Now therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby confirm their agreement as follows:

#### Section 1      Royalty Payment.

The Company hereby confirms its agreement to pay to Wilcox, if he is living, and thereafter the Betsy Ross Foundation, Inc., a royalty in the amount of four cents (\$.04) (the "Royalty Payment") for each bottle of Sauce (as defined below) sold by the Company for so long as the Sauces are sold by the Company or any of its subsidiaries, affiliates, successors or assigns, up to a maximum of one hundred thousand dollars (\$100,000) per annum. The Company acknowledges that the obligation to make the Royalty Payment is a continuing obligation which runs with the right to prepare, manufacture and sell the Sauces and that if any other person or entity acquires the right to prepare, manufacture and/or sell the Sauces, such person or entity (the "Buyer") shall be obligated to make the Royalty Payment for so long as the Sauces are prepared, manufactured and/or sold by the Buyer or its affiliates, subsidiaries, successors or assigns. The Company agrees with Wilcox that it shall ensure that any Buyer agrees to make the Royalty Payment. For purposes of this Agreement, "Sauce" or "Sauces" shall include (a) all marinade sauces currently mixed and sold by the Company, and (b) any marinade sauce prepared in the future which is derived from the original recipe created by Wilcox alone and/or his wife. A Sauce will be considered to have been derived from the original recipe if it contains soy sauce and a source of citric acid in combination with other ingredients.

#### Section 2      Entire Agreement; Amendments.

This Agreement contains the entire understanding of the parties with respect to its subject matter. It merges and supersedes all prior and/or contemporaneous agreements and understandings between the parties, written or oral, with respect to its subject matter, and there are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter hereof other than those expressly set forth herein. This Agreement may be amended only by a written instrument duly executed by all parties or their respective heirs, successors, assigns or legal personal representatives.



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invalid provision had not been contained in this Agreement, but only to the extent of such invalidity. In the further event of such determination, the parties shall promptly execute and deliver such amendatory provisions to this Agreement as are necessary to accomplish lawfully, and as nearly as possible, the goals and purposes of the provision(s) held to be invalid.

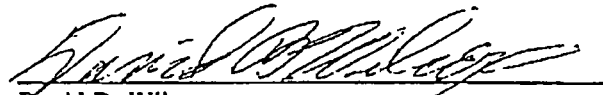
**Section 9        Counterparts.**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original document and all of which, taken together, shall be deemed to constitute but a single original document.

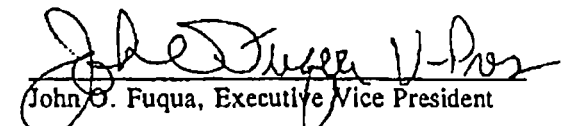
**Section 10       Authorization to Sign.**

The Company hereby represents and warrants to Wilcox that the person executing this Agreement is duly authorized to execute and deliver this Agreement on behalf of the Company in accordance with a duly adopted resolution of the Board of Directors of the Company; that this Agreement is binding on the Company in accordance with its terms; and that this Agreement is not in violation of or inconsistent with or contrary to provisions of any other agreement to which the Company is a party.

IN WITNESS WHEREOF, the parties hereto have caused this Confirmation of Royalty Agreement to be executed by themselves or their duly authorized representatives as of the day and year first written above.

  
David B. Wilcox

ALLEGRO FINE FOODS, INC.

By:   
John O. Fuqua, Executive Vice President



**AMENDMENT NUMBER ONE**  
**to**  
**CONFIRMATION OF ROYALTY AGREEMENT**

This Amendment Number One modifies the written CONFIRMATION OF ROYALTY AGREEMENT, dated May 1, 1995, by and between DAVID B. WILCOX, an individual resident of the State of Tennessee, and ALLEGRO FINE FOODS, INC., a Tennessee corporation.

For and in consideration of our mutual promises, and other good consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby confirm their agreement to amend the Confirmation of Royalty Agreement by deleting Section 1 "Royalty Payment" and in lieu thereof replacing the following words and symbols:


"The Company hereby confirms its agreement to pay to Wilcox, if he is living, and thereafter to the Betsy Ross Foundation, Inc., a royalty in the amount of four (\$.04) cents (the "Royalty Payment") for each bottle of Sauce (as defined below) as sold by the Company for so long as the Sauces are sold by the Company or any of its subsidiaries, affiliates, successors or assigns. However, payments made to the Betsy Ross Foundation, Inc., pursuant to this agreement, shall not exceed One Hundred Thousand (\$100,000) Dollars per annum. The Company acknowledges that the obligation to make the Royalty Payment is a continuing obligation which runs with the right to prepare, manufacture and sell the Sauces, and that if any other person or entity acquires the right to prepare, manufacture and/or sell the Sauces, such person or entity (the "Buyer") shall be obligated to make the Royalty Payment for so long as the Sauces are prepared, manufactured and/or sold by the Buyer or its affiliates, subsidiaries, successors or assigns. The Company agrees with Wilcox that it shall ensure that any Buyer agrees to make the Royalty Payment. For purposes of this Agreement, "Sauce" or "Sauces" shall include (a) all marinade sauces currently mixed and sold by the



Company, and (b) any marinade sauce prepared in the future which is derived from the original recipe created by Wilcox alone and/or his wife. A Sauce will be considered to have been derived from the original recipe if it contains soy sauce and a source of citric acid in combination with other ingredients."

IN WITNESS WHEREOF, the parties hereto have caused their hands to be set to this document on this 9<sup>th</sup> day of January, 2001.

  
David B. Wilcox

  
John O. Fuqua, President  
Allegro Fine Foods, Inc.



AMENDMENT NUMBER TWO  
to  
CONFIRMATION OF ROYALTY AGREEMENT

This Amendment Number Two modifies the written CONFIRMATION OF ROYALTY AGREEMENT, dated May 1, 1995, by and between DAVID B. WILCOX, an individual resident of the State of Tennessee, and ALLEGRO FINE FOODS, INC., a Tennessee corporation and replaces Amendment Number One to CONFIRMATION OF ROYALTY AGREEMENT dated January 9, 2001, by and between David B. Wilcox, an individual resident of the State of Tennessee, and John O. Fuqua, President of ALLEGRO FINE FOODS, INC., a Tennessee corporation.

Due to the updated business plan for ALLEGRO FINE FOODS, INC. and its upcoming move to a new, higher volume facility, as well as its introduction of barbecue sauces and for and in consideration of our mutual promises and other good consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby confirm their agreement to replace Amendment Number One by deleting Section 1 "Royalty Payment" of CONFIRMATION OF ROYALTY AGREEMENT and in lieu thereof replacing the following words and symbols:

"The Company hereby confirms its agreement to pay to Wilcox, if he is living, and thereafter to the Betsy Ross Foundation, Inc., a royalty in the amounts outlined in the schedule below (the 'Royalty Payment Table'), which is incorporated and made a part of this Amendment Number Two, for each bottle of Sauce (as defined below) sold by the Company or any of its subsidiaries, affiliates, successors or assigns. While Wilcox is living, if for any year the Company wishes to pay less than the amount due according to the Royalty Payment Table, it may do so only with the written permission of Wilcox and shall add any outstanding amount to a corporate accrual account. Said accrual account must be in balance when calculated over any 5-year period.

Based on the recommendation of the Board of Allegro Fine Foods, Inc. and the request of the Board of the Betsy Ross Foundation, payments to the Betsy Ross Foundation shall be made in an amount of no less than Twenty-Five Thousand (\$25,000.00) and no more than One Hundred Thousand (\$100,000.00) Dollars per annum. The Company acknowledges that the obligation to make the Royalty Payment is a continuing obligation that runs with the right to prepare, manufacture and sell the Sauces, and that if any other person or entity acquires the right to prepare, manufacture and/or sell the Sauces, such person or entity (the 'Buyer') shall be obligated to make the Royalty Payment for so long as the Sauces are prepared, manufactured, and/or sold by the Buyer or its affiliates, subsidiaries, successors, or assigns. The Company agrees with Wilcox that it shall ensure that any Buyer agrees to make the Royalty Payment.




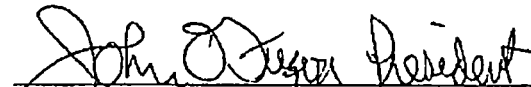
# ROYALTY PAYMENT TABLE

Unit Size	Unit Royalty
5 oz	0.0350
12.7 oz	0.0550
16 oz	0.0650
25.4 oz	0.0850
64 oz	0.1375
Gallon	0.2750
5 Gallon	0.7500
55 Gallon	7.5000
Private	0.0325

For purposes of this Agreement, 'Sauce' or 'Sauces' shall include (i) all marinade sauces currently mixed and sold by the company or prepared in the future that are derived from the original recipe created by Wilcox alone and/or his wife—a Sauce will be considered to have been derived from the original recipe if it contains soy sauce and a source of citric acid in combination with other ingredients—and (ii) all barbecue sauces currently mixed and sold by the company or prepared in the future based on tomato, molasses, mustard, or vinegar."

IN WITNESS WHEREOF, the parties hereto have caused their hands to be set to this document on this the 5<sup>th</sup> day of January, 2004.

  
David B. Wilcox

  
John O. Fuqua, President  
Allegro Fine Foods, Inc.



*see corrections  
pg II 1.*

BYLAWS  
OF  
BETSY ROSS FOUNDATION, INC.

ARTICLE I

PURPOSE

1. Purpose of the Corporation. The purpose of the Corporation as set out in its Charter, is to provide financial assistance in the form of grants, scholarships, loans, or gifts to either individuals, in recognition, support and encouragement in their efforts to better themselves, or to other non-profit corporations or charitable organizations which serve the same essential purpose.

Consistent with that stated purpose, the help offered is primarily to be rendered to the following young people but not limited thereto.

- A. High school, vocational, and college students at any level but only those attending public or non-profit schools.
- B. Young persons seeking GED certification.
- C. Military veterans upon their release from initial period of service but not retirees unless retired due to disabilities during their initial period of service.
- D. Young persons needing and desirous of alcohol and drug rehabilitation on a first-time basis, both during and after such treatment.
- E. Young persons having been convicted of crimes both during and after incarceration.
- F. Young persons who are physically or mentally handicapped and need training to become productive citizens.
- G. To encourage youth to stay away from alcohol and drugs.



ARTICLE IIBOARD OF DIRECTORS

1. Qualification and Election of Directors. There shall be five (5) Directors of the Foundation. Three (3) of the directors shall be elected annually by the Board of Directors of Allegro Fine Foods, Inc., from the membership of its then acting Board of Directors. The initial appointment of directors for the Foundation shall occur at a special meeting of the Board for Allegro Fine Foods, Inc., called for this purpose, and thereafter the election of successor directors shall take place during the annual meeting of the Board of Directors for Allegro Fine Foods, Inc. The remaining two (2) members of the Foundation's Board shall be appointed by the three (3) Directors appointed at the annual meeting of Allegro Fine Foods, Inc., with one of the two to serve initially for a two (2) year term and the other to serve for a four (4) year term. Thereafter, as the terms of these two members of the Board of Directors expires, each directorship shall be filled for a term of four (4) years. Directors may be elected to succeed themselves and the two (2) Directors selected by the three (3) Directors elected at the annual meeting of Allegro Fine Foods, Inc. may consist of other members of the Board of Directors of Allegro Fine Foods, Inc. Vacancies, caused by whatever reason, shall be filled by interim appointments of the Board of Directors of Allegro Fine Foods, Inc., with the purpose appointed to fill said vacancy to serve out the balance of the term to which he or she is appointed due to the vacancy. Both the election and appointment of foundation directors shall be by majority vote. by

2. Meetings. The annual meeting of the Board of Directors of the Foundation shall be held immediately after the adjournment of the annual meeting of the Board of Directors of Allegro Fine Foods, Inc., at which time the officers of the Foundation shall be elected. The Directors of the Foundation may also designate more frequent intervals for regular meetings. Special meetings may be called at any time by the President or any two Directors of the Foundation.

3. Notice of Directors' Meeting. The annual and all regular board meetings may be held without notice. Special meetings shall be held upon notice sent by any usual means of communication not less than two (2) days before the meeting.

4. Quorum and Vote. The presence of a majority of the Directors shall constitute a quorum for the transaction of business. A meeting may be adjourned despite the absence of a



quorum, and notice of an adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed thirty days in any one adjournment. The vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, unless the vote of a greater number is required by the Charter, these By-laws, or by the laws of Tennessee.

### ARTICLE III

#### OFFICERS

1. Number. The Corporation shall have a president, secretary and such other officers as the Board of Directors shall from time to time deem necessary.
2. Election and Term. The officers shall be elected by the Board at its annual meeting. Each officer shall serve until the expiration of the term for which he is elected, and thereafter until his successor has been elected and qualified.
3. Duties. All officers shall have such authority and perform such duties in the management of the corporation as are normally incident to their offices and as the Board of Directors may from time to time provide.

### ARTICLE IV

#### ACTION BY CONSENT

Whenever the Directors are required or permitted to take any action by vote, such action may be taken without a meeting or written consent, setting forth the action so taken, signed by all the persons or entities entitled to vote thereon.

### ARTICLE V

#### AMENDMENT OF BY-LAWS

These By-laws may be amended, added to, or replaced by a majority vote of the Board of Directors.



ARTICLE VI

CHECKS AND DEPOSITS

1. Checks, drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Foundation, shall be signed by such officer or officers, agent or agents of the Foundation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

2. Deposits. All funds of the Foundation not otherwise employed shall be deposited from time to time to the credit of the Foundation in such banks, trust companies, or other depositaries as the Board of Directors may select.