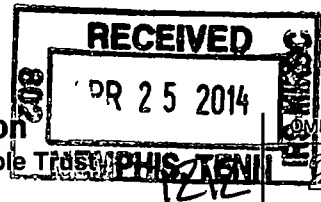




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OMB No 1545-0052
2012
Open to Public Inspection

Form **990-PF**

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

Department of the Treasury
Internal Revenue Service

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

For calendar year 2012 or tax year beginning , 2012, and ending , 20

Name of foundation: **The Careth Foundation, Inc.** A Employer identification number: **04 - 2433914**

Number and street (or P O box number if mail is not delivered to street address): **20215 320 Ave. NE** Room/suite: Room/suite B Telephone number (see instructions): **425 - 788-6916**

City or town, state, and ZIP code: **Duvall, WA 98019**

C If exemption application is pending, check here

D 1. Foreign organizations, check here
2. Foreign organizations meeting the 85% test, check here and attach computation

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

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

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

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

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) **\$ 2,137,483**

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

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Schedule 1					
1	Contributions, gifts, grants, etc., received (attach schedule)				
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	54,685	54,685		
5a	Gross rents				
	b Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on hand	29,501			
	b Gross sales price for all assets on line 6a	316,399			
7	Capital gain net income (from Part IV, line 2)		29,501		
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) (attach schedule)				
11	Other income (attach schedule)	265	265		
12	Total. Add lines 1 through 11	84,451	84,451	0	
13	Compensation of officers, directors, trustees, etc.	0	0	0	0
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	1,879	1,879		
	c Other professional fees (attach schedule)	12,370	12,370		
17	Interest				
18	Taxes (attach schedule) (see instructions)	97	97		
19	Depreciation (attach schedule) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings	11,333			11,333
22	Printing and publications				
23	Other expenses (attach schedule)	7,659	7,659		7,595
24	Total operating and administrative expenses. Add lines 13 through 23	33,338	22,005	0	18,928
25	Contributions, gifts, grants paid	83,000			83,000
26	Total expenses and disbursements. Add lines 24 and 25	116,338	22,005	0	101,928
27	Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	(31,886)			
	b Net investment income (if negative, enter -0-)		62,446		
	c Adjusted net income (if negative, enter -0-)			0	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash—non-interest-bearing	7,481	3,803	3,803	
	2	Savings and temporary cash investments	14,289	26,321	26,321	
	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) Schedule 10				
	7	Other notes and loans receivable (attach schedule) ▶ Schedule 11				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges Schedule 12				
	10a	Investments—U.S. and state government obligations (attach schedule) Schedule 12	267,746	255,318	269,075	
	b	Investments—corporate stock (attach schedule) Schedule 12	767,610	750,185	1,088,222	
	c	Investments—corporate bonds (attach schedule) Schedule 12	174,231	134,435	139,156	
	11	Investments—land, buildings, and equipment; basis ▶ Schedule 13				
	Less: accumulated depreciation (attach schedule) ▶					
12	Investments—mortgage loans					
13	Investments—other (attach schedule) Schedule 14	370,270	399,679	610,906		
14	Land, buildings, and equipment; basis ▶ Schedule 15					
	Less: accumulated depreciation (attach schedule) ▶					
15	Other assets (describe ▶ Schedule 16)					
16	Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	1,601,627	1,569,741	2,137,483		
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue Schedule 17				
	20	Loans from officers, directors, trustees, and other disqualified persons Schedule 18				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe ▶)				
23	Total liabilities (add lines 17 through 22)	0	0			
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.					
	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	1,601,627	1,569,741		
30	Total net assets or fund balances (see instructions)	1,601,627	1,569,741			
31	Total liabilities and net assets/fund balances (see instructions)	1,601,627	1,569,741			

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	1,601,627
2	Enter amount from Part I, line 27a	2	(31,886)
3	Other increases not included in line 2 (itemize) ▶ Schedule 20	3	
4	Add lines 1, 2, and 3	4	1,569,741
5	Decreases not included in line 2 (itemize) ▶ Schedule 21	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	1,569,741

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 245,508 Walden Small Cap Innovations		P	12/8/2011	7/9/2012
b .5 Commerce Bancshares Inc		P	9/10/2012	12/18/2012
c 250,000 Federal Home Loan Bank		P	9/12/2012	12/19/2012
d Walden Assets Long Term (see attachment)				
e Walden Assets Federal Capital Gain Dividend				
(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 3,975		3,692	282	
b 18		20	(2)	
c 25,395		25,475	(79)	
d 286,218		257,711	28,507	
e 793			793	
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))
(j) FMV as of 12/31/69	(k) Adjusted basis as of 12/31/69	(l) Excess of col. (j) over col. (k), if any		
a				282
b				(2)
c				(79)
d				28,507
e				793
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 }			29,501
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			

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))
2011	104,316	2,055,863	5.07%
2010	103,652	2,041,687	5.08%
2009	118,334	1,695,196	6.98%
2008	20,100	1,836,013	1.09%
2007	114,173	2,310,573	4.94%

2	Total of line 1, column (d)	23.16%
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	4.63%
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	2,126,716
5	Multiply line 4 by line 3	98,509
6	Enter 1% of net investment income (1% of Part I, line 27b)	624
7	Add lines 5 and 6	99,133
8	Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	101,928

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter. (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	624
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	624
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	624
6	Credits/Payments.		
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	514
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	514
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	110
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	0
11	Enter the amount of line 10 to be. Credited to 2013 estimated tax 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?		<input checked="" type="checkbox"/>
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		<input checked="" type="checkbox"/>
c Did the foundation file Form 1120-POL for this year?		<input checked="" type="checkbox"/>
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ \$ _____ (2) On foundation managers. ▶ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		<input checked="" type="checkbox"/>
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		<input checked="" type="checkbox"/>
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		<input checked="" type="checkbox"/>
b If "Yes," has it filed a tax return on Form 990-T for this year?		<input checked="" type="checkbox"/>
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		<input checked="" type="checkbox"/>
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?	<input checked="" type="checkbox"/>	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	<input checked="" type="checkbox"/>	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ None		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If "No," attach explanation</i>	<input checked="" type="checkbox"/>	
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 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		<input checked="" type="checkbox"/>
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		<input checked="" type="checkbox"/>

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) Schedule 22	11		✓
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>www.careth.org</u>	13	✓	
14	The books are in care of ► <u>Paul Martin</u> Telephone no. ► <u>425-788-6916</u> Located at ► <u>20215 320 Ave. NE, Duvall, WA</u> ZIP+4 ► <u>98,019</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		<input type="checkbox"/>
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No ✓

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

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

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	1b	N/A
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20____, 20____, 20____, 20____ N/A		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A		
b	If "Yes," did it have excess business holdings in 2012 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 2012.)	3b	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b	✓

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

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No
 Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
 If "Yes," attach the statement required by Regulations section 53.4945–5(d). N/A

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
 If "Yes" to 6b, file Form 8870. N/A

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No N/A

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Sandra Grumman 20215 320 Ave. NE, Duvall, WA 98019	President 10	0	0	0
Scott Ackley 9781 Martis Rd., Truckee, CA 96161	Secretary 5	0	0	0
Paul Martin 20215 320 Ave. NE, Duvall, WA 98019	Treasurer 3	0	0	0
Lee Grumman 31721 W Rutherford, Carnation, WA 98104	Vice-President 2	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE		0	0	0

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

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		0
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	0
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	0
2		
3	All other program-related investments See instructions	
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	2,159,103
b	Average of monthly cash balances	1b	
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	2,159,103
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	2,159,103
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	32,387
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,126,716
6	Minimum investment return. Enter 5% of line 5	6	106,336

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	106,336
2a	Tax on investment income for 2012 from Part VI, line 5	2a	624
b	Income tax for 2012. (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	624
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	105,712
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	105,712
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	105,712

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	101,928
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	101,928
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	624
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	101,304

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				105,712
2 Undistributed income, if any, as of the end of 2012:				
a Enter amount for 2011 only				
b Total for prior years: 20 <u>20</u> , 20 <u>20</u> , 20 <u>20</u>				
3 Excess distributions carryover, if any, to 2012:				
a From 2007	1,695			
b From 2008				
c From 2009	34,412			
d From 2010	104,316			
e From 2011				
f Total of lines 3a through e	140,423			
4 Qualifying distributions for 2012 from Part XII, line 4: ► \$ <u>101,928</u>				
a Applied to 2011, 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 2012 distributable amount				101,928
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)	3,784			3,784
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	136,639			
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see instructions		0		
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount—see instructions			0	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				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 2007 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	136,639			
10 Analysis of line 9:				
a Excess from 2008				
b Excess from 2009	32,323			
c Excess from 2010	104,316			
d Excess from 2011				
e Excess from 2012				

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 2012, 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				(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	N/A	N/A	N/A	N/A	N/A
b 85% of line 2a	N/A	N/A	N/A	N/A	N/A
c Qualifying distributions from Part XII, line 4 for each year listed	N/A				N/A
d Amounts included in line 2c not used directly for active conduct of exempt activities					N/A
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	N/A	N/A	N/A	N/A	N/A
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					N/A
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					N/A
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	N/A	N/A	N/A	N/A	N/A
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)					N/A
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					N/A
(3) Largest amount of support from an exempt organization					N/A
(4) Gross investment income					N/A

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).)
- None**

- 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.
- None**

- 2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**
- Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed:

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

c Any submission deadlines:

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

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				
Global Grassroots 179 Boylston St., Boston, MA 0213		501c3	Civil rights Education	15,000
Grassroots Global Justice PO Box 1799, San Pedro,		501c3	Civil rights Education	20,000
Grassroots International 179 Boylston St., Boston,		501c3	Civil rights Education	15,000
Machik 1609 Connecticut Ave. NW, Suite 400, Washin		501c3	Civil rights Education	3,000
Justice & Democracy in Haiti 666 Dorchester Ave, S B		501c3	Civil rights Education	7,500
U.S Human Rights Network 250 Georgia Ave, Suite 3,		501c3	Civil rights Education	15,000
Rights Action PO Box 50887, Washington D.C. 20091		501c3	Civil rights Education	7,500
Total				83,000
b Approved for future payment				
Total				3b

Attachments to IRS Form 990-PF
 The Careth Foundation, Inc.
 04-2433914
 Tax Year 2012

Schedule 1: Part I, Line 1 - Contributions, Gifts, Grants, etc. Received

Description	Amount
Total	0

Schedule 2: Part I, Line 6a - Net Gain or (Loss) from Sale of Assets Not on Line 10

Description	Date Acquired	How Acquired	Gross Sales Price	Cost, Other basis, or Donated Value		To Part XVI-A Line 8 (See Note)
				Amount	Which One	
1 245 508 Walden Small Cap	12/8/2011	Purchased	3,975	3,692	Cost	
2 0 5 Commerce Bancshares Inc	9/10/2012	Purchased	18	20	Cost	
3 25000 Fed Hm Ln Bk 1 375%	9/12/2012	Purchased	25,395	25,475	Cost	
4 Walden Long Term Cap Gain	see attachment	Purchased	286,218	257,711	Cost	
5 Walden Cap Gain Dividends	see attachment		793	0	Cost	
Total			316,399	286,898		

	Date Sold	To Whom Sold	Expense of Sale and Cost of Improvements	Depreciation Since Acquisition	Gain or (Loss)
1					282
2					(2)
3					(79)
4					28,507
5					793
Total			0	0	29,501

Amounts Carried	To Part XVI-A line 8	Gross Sales Price	Cost or Other Basis	Expense of Sale and Cost of Improvements	Depreciation Since Acquisition	Gain or (Loss)
Unrelated Business Income (Col B)		0	0	0	0	0
Excluded by Sec 512, 513, or 514 (Col D)		0	0	0	0	0
Related / Exempt Function Income (Col E)		316,399	286,898	0	0	29,501
Total		316,399	286,898	0	0	29,501

Note Numenc codes used above are

- 1 - if Unrelated Business Income (Part XVI-A, Column B),
 - 2 - if Excluded by Sec 512, 513, or 514 (Part XVI-A, Column D)
- Balance is Related / Exempt Function Income (Part XVI-A, Column E)

Attachments to IRS Form 990-PF
The Careth Foundation, Inc.
04-2433914
Tax Year 2012

Schedule 3: Part I, Line 10 - Gross Profit from Sales of Inventory

Description:	Gross Sales, Less Returns and Allowances	Cost of Goods Sold	Gross Profit of (Loss)	To Part XVI-A Line 10 (See Note)
Total	0	0	0	
Amounts Carried To Part XVI-A line 10				
Unrelated Business Income (Col B)	0	0	0	
Excluded by Sec 512, 513, or 514 (Col D)	0	0	0	
Related / Exempt Function Income (Col E)	0	0	0	
Total	0	0	0	

Note Numenc codes used above are:

- 1 - if Unrelated Business Income (Part XVI-A, Column B),
- 2 - if Excluded by Sec 512, 513, or 514 (Part XVI-A, Column D)
- Balance is Related / Exempt Function Income (Part XVI-A, Column E)

Schedule 4: Part I, Line 11 - Other Income

Description	From Part XVI-A			Total to Part I, Line 11
	Unrelated Business Income (Column (b))	Excluded by Section 512, 513, or 514 (Column (d))	Related or exempt function income (Column (e))	
1 Program Service Revenue (total of lines 1a through 1g)	0	0	0	0
2 Membership dues and assessments	0	0	0	0
7 Other investment income	0	0	0	0
9 Gross revenue from special events	0	0	0	0
11 Total Other Revenue (listed separately on line 11)				
a	0	0	265	265
b	0	0	0	0
c	0	0	0	0
d	0	0	0	0
e	0	0	0	0
Total line 11	0	0	265	265
Total	0	0	265	265

Attachments to IRS Form 990-PF
The Careth Foundation, Inc.
04-2433914
Tax Year 2012

Schedule 5: Part I, Line 16b - Accounting Fees

Type of service	Amount
1 Tax Preparation	1,879
Total	1,879

Schedule 5: Part I, Line 16c - Other Professional Fees

Type of service	Amount
1 Investment Management - Boston Trust	12,370
Total	12,370

Schedule 6: Part I, Line 18 - Taxes

Type of tax	Amount
1 Foreign Taxes - Nestle	63
2 Foreign Taxes - Core Laboratones	34
Total	97

Schedule 7: Part I, Line 19 - Depreciation and Depletion

Description	Date Acquired	Cost or Other Basis	Depreciation Allowable in Prior Years	Depreciation Method	Rate (%)	Depreciation This Year
Total		0	0			0
Less Depreciation included in cost of goods sold and not on line 19						0
Total						0

Schedule 8: Part I, Line 23 - Other Expenses

Description	Amount
1 Web Grantmaking Software	5,400
2 Foundation Association Dues	2,195
3 State Filing Fee	50
4 Office Supplies	14
Total	7,659

Attachments to IRS Form 990-PF
The Careth Foundation, Inc.
04-2433914
Tax Year 2012

Schedule 9: Part I, Line 25 - Contributions, Gifts, Grants Paid

From detail below.	Cash Amount	Property Other than Cash	Total
Paid during the year	83,000	0	83,000
Approved for future payment	0	0	0
Total	83,000	0	83,000

Paid During the Year:

Class of Activity:	Donee Name	Donee Address	Cash Amount	Property Other than Cash (1)	Relationship to Disqualified Persons (2)	Organizational Status of Donee (3)
1 1	Global Grassroots	Boston, MA	15,000			501(c)3
1 2	Grassroots Global Justice	San Pedro, CA	20,000			501(c)3
1 3	Grassroots International	Boston, MA	15,000			501(c)3
1 4	Machik	Washington, D C	3,000			501(c)3
1 5	Institute for Justice and Democrz	South Boston, MA	7,500			501(c)3
1 6	U S Human Rights Network	Atlanta, GA	15,000			501(c)3
1 7	Rights Action	Washington, D C	7,500			501(c)3
	Total		83,000	0		

Total amount paid for which the foundation exercised
expenditure responsibility

Total Paid During the Year

83,000 0

(1) Additional information for property other than cash included on continuation sheet

(2) Relationship of donee if related by blood, marriage, adoption or employment (including children of employees) to any disqualified person

(3) The organizational status of donee (e.g., public charity—an organization described in section 509(a)(1), (2), or (3))

**Schedule 10: Part II, Line 6 - Receivables Due from Officers, Directors, Trustees, and
Other Disqualified Persons**

	End of Year	
	Book Value	Value
Receivables Reported as Single Total:		
Subject to same terms and conditions as receivables from general public		
Travel advances for official business of the organization		
Receivables Reported Separately (see details below)	0	0
Total	0	0

Details of Receivables Reported Separately:

Borrower's Name and Title	Original Amount	Balance Due at Year end	Fair Market Value at Year end	Date of Note
1				
Total		0	0	
Maturity Date	Interest Rate	Security Provided by Borrower		
Purpose of Loan		Description and Fair Market Value of Consideration		

Attachments to IRS Form 990-PF
 The Careth Foundation, Inc.
 04-2433914
 Tax Year 2012

Schedule 11: Part II, Line 7 - Other Notes and Loans Receivable

	End of Year	
	Book Value	Fair Market Value
Notes Receivable not listed on line 6 and not acquired as investments (see details below)	0	0
Loans receivable from the normal activities of the filing organization:		
Total	0	0
Less allowance for doubtful accounts	0	0
Net amount	0	0

Schedule 12: Part II, Line 10 - Investments—Government Obligations, Corporate Stocks and Bonds

Line 10a - Investments - U.S. and state government obligations	Valued at Cost or Market Value	End of Year	
		Book Value	Fair Market Value
Total U S Government obligations	Cost	194,225	202,566
Total Obligations of state and municipal governments or itemize	Cost	61,093	66,509
Total		255,318	269,075

Line 10b - Investments - Corporate Stock

1 Walden Assts - U S Stocks	Cost	750,185	1,088,222
Total		750,185	1,088,222

Line 10c - Investments - Corporate Bonds

1 Walden Assets	Cost	134,435	139,156
Total		134,435	139,156

Schedule 13: Part II, Line 11 - Investments—Land, Buildings, and Equipment

Description:	Cost or Other Basis	Accumulated Depreciation	End of Year	
			Book Value	Fair Market Value
Total	0	0	0	0

Schedule 14: Part II, Line 13 - Investments—Other

Description:	Valued at Cost or Market Value	End of Year	
		Book Value	Fair Market Value
1 PAX World Mutual Fund	Cost	322,993	512,617
2 Walden - Foreign Assets	Cost	76,686	98,289
Total		399,679	610,906

Attachments to IRS Form 990-PF
 The Careth Foundation, Inc.
 04-2433914
 Tax Year 2012

Schedule 15: Part II, Line 14 - Land, Buildings, and Equipment

Description:	Cost or Other Basis	Accumulated Depreciation	End of Year	
			Book Value	Fair Market Value
Total	0	0	0	0

Schedule 16: Part II, Line 15 - Other Assets

Description:	End of Year	
	Book Value	Fair Market Value
Total	0	0

Schedule 17: Part II, Line 20 - Loans from Officers, Directors, Trustees, and Other Disqualified Persons

Name and Title of Lender	Original Amount	End of Year Balance Due	Date of Note	Maturity Date
Total		0		
Repayment Terms	Interest Rate	Security Provided by Borrower		
Purpose of Loan	Description and Fair Market Value of Consideration			

Schedule 18: Part II, Line 21 - Mortgages and Other Notes Payable

	End of Year Balance Due
All mortgages payable	
All Other Notes Payable (see details below)	0
Total	0

Schedule 19: Part II, Line 22 - Other Liabilities

Description:	End of Year Amount
Total	0

Schedule 20: Part III, Line 3 - Other Increases Not Included in Line 2

Description	Amount
Total	0

Attachments to IRS Form 990-PF
The Careth Foundation, Inc.
04-2433914
Tax Year 2012

Schedule 21: Part III, Line 5 - Decreases Not Included in Line 2

<u>Description</u>	<u>Amount</u>
Total	<u><u>0</u></u>

Schedule 22: Part VII-A Line 11 - Information Regarding Controlled Entities

(B) Employer

CARETH FOUNDATION IMA 1-01108
 Schedule D Detail of Long-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Long-term Gain/Loss
15% RATE CAPITAL GAINS (LOSSES)					
997.14 GNMA 733483X 4.5%	09/29/2010	01/15/2012	997.14	1,049.35	-52.21
150. CHUBB CORP COM	VAR	01/30/2012	10,018.63	7,663.97	2,354.66
1233.9 GNMA 733483X 4.5%	09/29/2010	02/15/2012	1,233.90	1,298.50	-64.60
500. WALGREEN CO COM	10/22/2010	03/14/2012	16,654.99	17,021.60	-366.61
2941.88 GNMA 733483X 4.5%	09/29/2010	03/15/2012	2,941.88	3,095.91	-154.03
63.48 GNMA 733483X 4.5%					
9/15/40	09/29/2010	04/15/2012	63.48	66.80	-3.32
2445.64 GNMA 733483X 4.5%	09/29/2010	05/15/2012	2,445.64	2,573.68	-128.04
50000. FHLB (FED HM LN BK) 5.375%	06/19/2007	06/08/2012	50,000.00	50,066.52	-66.52
64.72 GNMA 733483X 4.5%					
9/15/40	09/29/2010	06/15/2012	64.72	68.11	-3.39
25000. SANTANDER HOLDINGS USA 2.5%	04/01/2009	06/15/2012	25,000.00	25,374.36	-374.36
557.4568 WALDEN SMALL CAP INNOVATIONS FUND	VAR	07/09/2012	9,025.22	6,331.75	2,693.47
200. KELLOGG CO COM	03/10/2010	07/09/2012	9,717.88	10,502.66	-784.78
275. NORTHERN TRUST CORP COM	10/22/2010	07/09/2012	12,699.24	13,178.17	-478.93
200. ST JUDE MED INC COM 4.5%	09/30/2008	07/09/2012	7,841.84	8,688.04	-846.20
61.5 GNMA 733483X 4.5%					
9/15/40	09/29/2010	07/15/2012	61.50	64.72	-3.22
250. ROSS STORES INC	03/10/2010	07/24/2012	16,568.47	6,480.01	10,088.46
933.36 GNMA 733483X 4.5%	09/29/2010	08/15/2012	933.36	982.23	-48.87
250. MCCORMICK & CO NON VOTING COM	12/15/2009	08/20/2012	15,075.36	9,016.91	6,058.45
600. JOHNSON CONTROLS INC COM 4.5%	VAR	09/10/2012	16,757.86	20,087.91	-3,330.05
60.47 GNMA 733483X 4.5%					
9/15/40	09/29/2010	09/15/2012	60.47	63.64	-3.17
853.09 GNMA 733483X 4.5%	09/29/2010	10/15/2012	853.09	897.75	-44.66
59.9 GNMA 733483X 4.5%					
9/15/40	09/29/2010	11/15/2012	59.90	63.04	-3.14
5000. AMERICAN EXP CO 8.125%					
5/20/19	07/20/2009	12/06/2012	6,975.86	5,779.66	1,196.20
750. AMERICAN EXPRESS CO 2.65%					
12/02/22	07/20/2009	12/06/2012	733.24	707.95	25.29
Total					

CARETH FOUNDATION IMA 1-01108

FEDERAL CAPITAL GAIN DIVIDENDS

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LONG-TERM CAPITAL GAIN DIVIDENDS

15% RATE CAPITAL GAIN DIVIDENDS

WALDEN SMALL CAP INNOVATIONS FUND

793.32

TOTAL 15% RATE CAPITAL GAIN DIVIDENDS

793.00

TOTAL LONG-TERM CAPITAL GAIN DIVIDENDS (ROUNDED)

793.00

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