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

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

2012

Open to public inspection

For calendar year 2012 or tax year beginning

, and ending

Name of foundation SMS FOUNDATION, INC.		A Employer identification number 20-1878599
Number and street (or P.O. box number if mail is not delivered to street address) PO BOX 5324	Room/suite	B Telephone number 608-577-8260
City or town, state, and ZIP code MADISON, WI 53705-0324		C If exemption application is pending, check here ☐
G Check all that apply: ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 5,482,289. (Part I, column (d) must be on cash basis)	J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(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		661,203.		N/A	
2 Check ☐ if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities		99,590.	99,590.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		126,191.			STATEMENT 1
b Gross sales price for all assets on line 6a	604,794.				
7 Capital gain net income (from Part IV, line 2)			171,174.		
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					
12 Total. Add lines 1 through 11		886,984.	270,764.		
13 Compensation of officers, directors, trustees, etc		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees STMT 3		1,168.	0.		0.
b Accounting fees STMT 4		1,670.	1,670.		0.
c Other professional fees STMT 5		8,943.	8,943.		0.
17 Interest					
18 Taxes STMT 6		3,755.	0.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses					
24 Total operating and administrative expenses. Add lines 13 through 23		15,536.	10,613.		0.
25 Contributions, gifts, grants paid		231,500.			231,500.
26 Total expenses and disbursements. Add lines 24 and 25		247,036.	10,613.		231,500.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		639,948.			
b Net investment income (if negative, enter -0-)			260,151.		
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

Assets

1	Cash - non-interest-bearing		4,983.	54,575.	54,575.
2	Savings and temporary cash investments		111,606.	314,155.	314,155.
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	STMT 8	4,321,901.	5,113,559.	5,113,559.
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 ▶)				
16	Total assets (to be completed by all filers)		4,438,490.	5,482,289.	5,482,289.

Liabilities

17	Accounts payable and accrued expenses				
18	Grants payable				
19	Deferred revenue				
20	Loans from officers, directors, trustees, and other disqualified persons				
21	Mortgages and other notes payable				
22	Other liabilities (describe ▶)				
23	Total liabilities (add lines 17 through 22)		0.	0.	

Net Assets or Fund Balances

	Foundations that follow SFAS 117, check here ▶ ☐				
	and complete lines 24 through 26 and lines 30 and 31.				
24	Unrestricted				
25	Temporarily restricted				
26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ ☒				
	and complete lines 27 through 31.				
27	Capital stock, trust principal, or current funds		0.	0.	
28	Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.	
29	Retained earnings, accumulated income, endowment, or other funds		4,438,490.	5,482,289.	
30	Total net assets or fund balances		4,438,490.	5,482,289.	
31	Total liabilities and net assets/fund balances		4,438,490.	5,482,289.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	4,438,490.
2	Enter amount from Part I, line 27a	2	639,948.
3	Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 7	3	403,851.
4	Add lines 1, 2, and 3	4	5,482,289.
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	5,482,289.

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 REDEMPTIONS		P		
b PUBLICALLY TRADED SECURITIES - ACQUIRED BY				
c DONATION - LT		D		
d CAPITAL GAINS DIVIDENDS				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 303,171.		233,545.	69,626.
b			
c 243,887.		200,075.	43,812.
d 57,736.			57,736.
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) 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	
a			69,626.
b			
c			43,812.
d			57,736.
e			

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2	171,174.
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). If (loss), enter -0- in Part I, line 8		3	N/A

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	184,925.	4,510,402.	.041000
2010	146,602.	3,871,896.	.037863
2009	139,332.	2,948,417.	.047257
2008	113,537.	2,838,393.	.040000
2007	59,872.	2,319,297.	.025815

2 Total of line 1, column (d)	2	.191935
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.038387
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	4,708,163.
5 Multiply line 4 by line 3	5	180,732.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,602.
7 Add lines 5 and 6	7	183,334.
8 Enter qualifying distributions from Part XII, line 4	8	231,500.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

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

1a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b		1	2,602.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		2	0.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		3	2,602.
3 Add lines 1 and 2		4	0.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		5	2,602.
5 Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-			
6 Credits/Payments:			
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a	3,080.	
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	3,080.	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	478.	
11 Enter the amount of line 10 to be: Credited to 2013 estimated tax ☒ 478. Refunded ☐	11	0.	

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
b 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
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ☒ \$ 0. (2) On foundation managers. ☒ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ☒ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? 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 XIV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ☒ WI		
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 2012 or the taxable year beginning in 2012 (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

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>N/A</u>	13	X	
14	The books are in care of ► <u>THOMAS G. TIERNEY, CPA</u> Telephone no. ► <u>608-577-8260</u> Located at ► <u>1010 HARRISON ST., MADISON, WI</u> ZIP+4 ► <u>53711</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 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
				X

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

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

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

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?

☐ 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

If "Yes" to 6b, file Form 8870

X

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 9		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

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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 N/A	
2	
3	
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 N/A	
2	
All other program-related investments. See instructions.	
3	

Total. Add lines 1 through 3

0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	4,627,630.
b	Average of monthly cash balances	1b	152,231.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	4,779,861.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	4,779,861.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	71,698.
5	Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,708,163.
6	Minimum investment return Enter 5% of line 5	6	235,408.

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	235,408.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	2,602.
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,602.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	232,806.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	232,806.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	232,806.

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	231,500.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
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	231,500.
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	5	2,602.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	228,898.

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.

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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				232,806.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			221,884.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ \$ 231,500.				
a Applied to 2011, but not more than line 2a			221,884.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2012 distributable amount				9,616.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				223,190.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

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

N/A

1 a 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)

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

b 85% of line 2a

c Qualifying distributions from Part XII, line 4 for each year listed

d Amounts included in line 2c not used directly for active conduct of exempt activities

e Qualifying distributions made directly for active conduct of exempt activities.

Subtract line 2d from line 2c

3 Complete 3a, b, or c for the alternative test relied upon:

a "Assets" alternative test - enter:

(1) Value of all assets

(2) Value of assets qualifying under section 4942(j)(3)(B)(i)

b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed

c "Support" alternative test - enter:

(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)

(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)

(3) Largest amount of support from an exempt organization

(4) Gross investment income

Tax year

(a) 2012

(b) 2011

Prior 3 years

(c) 2010

(d) 2009

(e) Total

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).)

MATTHEW D. SILVERSTEIN

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				
SEE STATEMENT 10				231,500.
Total			3a	231,500.
b Approved for future payment				
NONE				
Total			3b	0.

Part XVII'

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

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

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

- b** If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer or trustee

Date _____

Title

May the IRS discuss this return with the preparer shown below (see instr.)?

☒ Yes ☐ No

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☒ if self-employed	PTIN
	JAMES E. ROSE	JAMES E. ROSE	03/22/13		P00089463
	Firm's name ▶ BAKER TILLY VIRCHOW KRAUSE, LLP			Firm's EIN ▶ 39-0859910	
	Firm's address ▶ PO BOX 7398 MADISON, WI 53707-7398			Phone no. (608) 249-6622	

Form **990-PF** (2012)

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

2012

Name of the organization

SMS FOUNDATION, INC.

Employer identification number

20-1878599

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) (2012)

Name of organization

Employer identification number

SMS FOUNDATION, INC.**20-1878599****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>MATTHEW D. SILVERSTEIN</u> <u>PO BOX 5324</u> <u>MADISON, WI 53705</u>	\$ <u>63,184.</u>	Person ☐ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution)
<u>2</u>	<u>MATTHEW D. SILVERSTEIN</u> <u>PO BOX 5324</u> <u>MADISON, WI 53705</u>	\$ <u>57,045.</u>	Person ☐ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution)
<u>3</u>	<u>MATTHEW D. SILVERSTEIN</u> <u>PO BOX 5324</u> <u>MADISON, WI 53705</u>	\$ <u>295,974.</u>	Person ☐ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution)
<u>4</u>	<u>MATTHEW D. SILVERSTEIN</u> <u>PO BOX 5324</u> <u>MADISON, WI WI</u>	\$ <u>245,000.</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

Name of organization

Employer identification number

SMS FOUNDATION, INC.**20-1878599****Part II Noncash Property** (see instructions) Use duplicate copies of Part II if additional space is needed

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
<u>1</u>	<u>2,175 SHARES - JOHNSON CONTROLS</u> _____ _____	\$ <u>63,184.</u>	<u>06/11/12</u>
<u>2</u>	<u>1,000 SHARES - NORFOLK & SOUTHERN</u> _____ _____	\$ <u>57,045.</u>	<u>11/21/12</u>
<u>3</u>	<u>14,175 SHARES - NUVEEN REAL ESTATE CLASS C</u> _____ _____	\$ <u>295,974.</u>	<u>12/11/12</u>
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____

Name of organization	Employer identification number
SMS FOUNDATION, INC.	20-1878599

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	GAIN OR (LOSS) FROM SALE OF ASSETS	STATEMENT	1
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(A) DESCRIPTION OF PROPERTY			MANNER ACQUIRED	DATE ACQUIRED	DATE SOLD
			PURCHASED		
REDEMPTIONS	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS
	303,171.	233,545.	0.	0.	69,626.

(A) DESCRIPTION OF PROPERTY			MANNER ACQUIRED	DATE ACQUIRED	DATE SOLD
			DONATED		
PUBLICALLY TRADED SECURITIES - ACQUIRED BY DONATION - LT	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS
	243,887.	245,058.	0.	0.	-1,171.

CAPITAL GAINS DIVIDENDS FROM PART IV	57,736.
TOTAL TO FORM 990-PF, PART I, LINE 6A	126,191.

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	2
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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
INVESTMENTS - CGD	57,736.	57,736.	0.
INVESTMENTS - DIVIDENDS/INTEREST	99,590.	0.	99,590.
TOTAL TO FM 990-PF, PART I, LN 4	157,326.	57,736.	99,590.

FORM 990-PF	LEGAL FEES			STATEMENT	3
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
SOLHEIM BILLING & GRIMMER, S.C. - LEGAL/RESEARCH QUALIFYING DONEES	1,168.	0.		0.	
TO FM 990-PF, PG 1, LN 16A	1,168.	0.		0.	

FORM 990-PF	ACCOUNTING FEES			STATEMENT	4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
BAKER TILLY VIRCHOW KRAUSE, LLP - 2011 TAX RETURN PREPARATION	1,670.	1,670.		0.	
TO FORM 990-PF, PG 1, LN 16B	1,670.	1,670.		0.	

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
BUTTONWOOD PARTNERS, INC. - INVESTMENT MANAGEMENT FEES	8,943.	8,943.		0.	
TO FORM 990-PF, PG 1, LN 16C	8,943.	8,943.		0.	

FORM 990-PF	TAXES			STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
INTERNAL REVENUE SERVICE-2011 EXCISE TAX BALANCE PAID	675.	0.			0.
INTERNAL REVENUE SERVICE-2012 EXCISE TAX ESTIMATE PAID	3,080.	0.			0.
TO FORM 990-PF, PG 1, LN 18	3,755.	0.			0.

FORM 990-PF	OTHER INCREASES IN NET ASSETS OR FUND BALANCES	STATEMENT	7
DESCRIPTION		AMOUNT	
UNREALIZED GAIN/LOSS ON INVESTMENTS		403,851.	
TOTAL TO FORM 990-PF, PART III, LINE 3		403,851.	

FORM 990-PF	CORPORATE STOCK	STATEMENT	8
DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE	
INVESTMENTS	5,113,559.	5,113,559.	
TOTAL TO FORM 990-PF, PART II, LINE 10B	5,113,559.	5,113,559.	

FORM 990-PF	PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS	STATEMENT	9
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NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
SARAH E. SPENCER PO BOX 5157 MADISON, WI 53705	PRESIDENT, DIRECTOR 1.00	0.	0.	0.
MATTHEW D. SILVERSTEIN PO BOX 5324 MADISON, WI 53705	VICE PRESIDENT, DIRECTOR 1.00	0.	0.	0.
THOMAS G. TIERNEY 1010 HARRISON ST. MADISON, WI 53711	TREASURER 1.00	0.	0.	0.
DAVID B. BILLING 1 S. PINCKNEY ST. MADISON, WI 53701	SECRETARY 1.00	0.	0.	0.
MARK SPENCER PO BOX 5157 MADISON, WI 53705	DIRECTOR 1.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

FORM 990-PF Part XV Supplementary Information

STATEMENT 10

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
Foundation for Madison Public Schools 455 Science Drive Ste 130 Madison, WI	N/A	Public Charity	Educational purposes at the discretion of the charity	17,000
Hodan Center, Inc 941 W Fountain Street Mineral Point WI 53565-0212	N/A	Public Charity	To be used at the discretion of the organization for their community rehabilitation programs for adults with disability	40,000
WORT 89.9 FM 118 S Bedford St Madison, WI 53703	N/A	Public Charity	To assist in financing listener sponsored community radio	5,000
Arts Horizons One Grand Ave Suite 7 Englewood, New Jersey 07631	N/A	Public Charity	Support for arts programs for children	7,000
Dane County Humane Society 5132 Voges Road Madison, WI 53718	N/A	Public Charity	Care of homeless animals	15,000
Domestic Abuse Intervention Services PO Box 1761 Madison, WI 53701	N/A	Public Charity	Provide assistance to people who have experienced domestic abuse	5,000
Kansas City Art Institute 4415 Warwick Boulevard Kansas City, MO 64111	N/A	Public Charity	To educate the artists and designers of tomorrow	5,000
Second Harvest Food Bank of Southern Wisconsin 2802 Dairy Drive Madison, WI 53718	N/A	Public Charity	Acquire and distribute food to people in need	10,000
Samuel's House 1614 Truesdell Court Key West, FL 33040	N/A	Public Charity	Provide housing for homeless women	3,000
Spelman Medical Foundation 5830 NW Barr Rd., Suite 270 Kansas City, MO 64154	N/A	Public Charity	Support, assistance and improvement of the total health care of the individual, family and community	5,000
Wisconsin Early Childhood Association 744 Williamson St Madison, WI 53703	N/A	Public Charity	Promote excellence in early education programs, support professionalism, call for greater public investment in early education	3,000
The Smile Train PO Box 96231 Washington, DC 20090-6231	N/A	Public Charity	Provide free treatment for poor children with cleft and other medical problems	3,500
Urban League of Greater Madison 151 East Gorham St Madison, WI 53703	N/A	Public Charity	Improve the social and economic conditions of African Americans and other peoples of color and economically disadvantaged	5,000
Natural Resource Defense Council 40 West 20th Street New York, NY 10011	N/A	Public, not for profit tax exempt organization	Safeguard the earth, its people, its plants and animals and the natural systems on which all life depends	5,000
ASPCA 424 East 92nd St New York, NY 10128	N/A	Public Charity	Prevention of cruelty to animals	5,000
KIVA 3180 18th Street San Francisco, CA 94110	N/A	Public Charity	Connecting people through lending for the sake of alleviating poverty	10,000
Added Value 370 Van Brunt Street Brooklyn, NY 11231	N/A	Public Charity	Promote sustainable development by nurturing a new generation of young leaders	10,000
Doctors Without Borders 333 7th Avenue, 2nd Floor New York, NY 10001-5004	N/A	Public Charity	Medical aid to persons whose survival is threatened	8,000
Chief Blackbird Center 1 Maple Lane Odanah, WI 54861	N/A	Public Charity	Provide government services to tribal members	8,000

FORM 990-PF Part XV Supplementary Information

STATEMENT 10

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
The Resonance Project Foundation PO Box 764 Holualoa, HI 96723	N/A	Public Charity	Unify science and philosophies in applied physics and nature	10,000
Keep Wisconsin Warm Fund PO Box 68 Madison, WI 53701 0068	N/A	Public Charity	Providing heat and power to those most in need	10,000
Madison Museum of Contemporary Art 227 State St Madison, WI 53705	N/A	Public Charity	Exhibit, collect, preserve and interpret modern and contemporary art	8,000
UW Madison School of Veterinary Medicine 2015 Linden Dr Madison, WI 53706-1102	N/A	Public charity	Education	10,000
Nature Conservancy 4245 North Fairfax Dr Arlington, VA 22203	N/A	Public Charity	Land and water conservation	7,000
Madison Community Foundation 2 Science Ct Madison, WI 53705-0010	N/A	Public Charity	Philanthropy	17,000
Total Contributions				231,500

Statement for the Period December 1, 2012 to December 31, 2012
SMS FOUNDATION - Corporation



Holdings

CASH AND CASH EQUIVALENTS - 5.79% of Total Account Value

Description	Symbol/Cusip Account Type	Quantity	Price on 12/31/12	Current Market Value	Estimated Annual Income
Money Markets					
PRIME FUND DAILY MONEY CLASS	FDAXX	314,154.55	\$1.00	\$314,154.55	
7 DAY YIELD .01%	CASH				
Dividend Option Reinvest					
Capital Gain Option Reinvest					
Total Cash and Cash Equivalents				\$314,154.55	

HOLDINGS > MUTUAL FUNDS - 94.21% of Total Account Value

Description	Symbol/Cusip Account Type	Quantity	Price on 12/31/12	Current Market Value	Estimated Annual Income
Equity					
AMERICAN CAPITAL WORLD GRTH & INC A	CWGIK	9,618.773	\$37.20	\$357,818.36	\$7,983.58
Estimated Yield 2.23%	CASH				
Dividend Option Reinvest					
Capital Gain Option Reinvest					
AMERICAN INCOME FUND OF AMERICA CLASS C	IFADX	4,895.81	\$17.88	\$83,961.08	\$2,442.29
Estimated Yield 2.90%	CASH				
Dividend Option Reinvest					
Capital Gain Option Reinvest					
AMERICAN INCOME FUND OF AMERICA CLASS F1	IFAFX	2,941.516	\$18.03	\$53,035.53	\$1,916.40
Estimated Yield 3.61%	CASH				
Dividend Option Reinvest					
Capital Gain Option Reinvest					

Account carried with National Financial Services LLC, Member
NYSE, SIPC

MN_CEBBCKGBBBZF8_BBBB 20121231

Statement for the Period December 1, 2012 to December 31, 2012
SMS FOUNDATION - Corporation



HOLDINGS > MUTUAL FUNDS *continued*

Description	Symbol/Cusip Account Type	Quantity	Price on 12/31/12	Current Market Value	Estimated Annual Income
AMERICAN NEW WORLD CLASS C	NEWEX CASH	1,903.3194	\$52.96	\$100,837.84	\$554.44
Estimated Yield 0.55%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
AMERICAN NEW WORLD FUND CLASS A	NEWEX CASH	5,036.3868	\$54.49	\$274,432.67	\$3,580.94
Estimated Yield 1.30%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
AMERICAN WASHINGTON MUTUAL INVESTRS CL A	AWSHX CASH	12,379.704	\$31.21	\$386,370.56	\$8,294.40
Estimated Yield 2.14%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
FIRST EAGLE FUND OF AMERICA CLASS C	FEAMX CASH	7,425.194	\$24.49	\$181,843.00	
Dividend Option Reinvest					
Capital Gain Option Reinvest					
FIRST EAGLE GLOBAL CLASS C	FESGX CASH	7,376.036	\$47.77	\$352,353.24	\$1,187.54
Estimated Yield 0.33%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
FIRST EAGLE GOLD CLASS A	SGGDY CASH	2,033.958	\$27.37	\$55,663.43	\$164.75
Estimated Yield 0.29%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
FRANKLIN BALANCE SHEET INVESTMENT A	FRBSX CASH	8,109.231	\$42.11	\$341,479.72	\$5,333.44
Estimated Yield 1.56%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
FRANKLIN FLEX CAP GROWTH CLASS C	FCUX CASH	4,429.542	\$41.96	\$185,863.58	
Dividend Option Reinvest					
Capital Gain Option Reinvest					

Statement for the Period December 1, 2012 to December 31, 2012
SMS FOUNDATION - Corporation



HOLDINGS > MUTUAL FUNDS *continued*

Description	Symbol/Cusip Account Type	Quantity	Price on 12/31/12	Current Market Value	Estimated Annual Income
FRANKLIN GOLD AND PRECIOUS METALS CL A Estimated Yield 0.13% Dividend Option Reinvest Capital Gain Option Reinvest	FRRCX CASH	3,154.978 *	\$30.71	\$96,889.37	\$127.46
FRANKLIN SMALL CAP VALUE CLASS C Estimated Yield 0.43% Dividend Option Reinvest Capital Gain Option Reinvest	FRVFX CASH	2,591.736 *	\$43.48	\$112,688.68	\$487.51
HARBOR INTERNATIONAL INSTITUTIONAL FD Estimated Yield 2.02% Dividend Option Reinvest Capital Gain Option Reinvest	HAIHX CASH	3,851.26 *	\$62.12	\$239,240.27	\$4,838.84
MUTUAL SFRIS MUTUAL SHARES CLASS C Estimated Yield 1.19% Dividend Option Reinvest Capital Gain Option Reinvest	TEMIX CASH	6,752.889 *	\$72.13	\$138,376.43	\$1,651.39
NUVEEN DIVIDEND VALUE FD CL C Estimated Yield 1.31% Dividend Option Reinvest Capital Gain Option Reinvest	FTECX CASH	12,363.163 *	\$14.25	\$176,175.14	\$2,324.28
NUVEEN GLOBAL INFRASTRUCTURE CL C Estimated Yield 1.27% Dividend Option Reinvest Capital Gain Option Reinvest	FGNCX CASH	18,624.073 *	\$9.49	\$176,742.45	\$2,247.93
NUVEEN REAL ESTATE CLASS C Estimated Yield 1.32% Dividend Option Reinvest Capital Gain Option Reinvest	FRLCX CASH	14,842.889 *	\$20.59	\$301,497.08	\$3,979.94

Statement for the Period December 1, 2012 to December 31, 2012
SMS FOUNDATION - Corporation

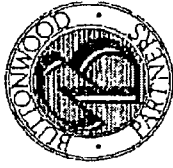


HOLDINGS > MUTUAL FUNDS continued

Description	Symbol/Account Type	Quantity	Price on 12/31/12	Current Market Value	Estimated Annual Income
NUVEEN SANTA BARBARA DIVIDEND GRWTH CL C	NSBCX CASH	4,014.113	\$26.95	\$108,180.35	\$1,518.14
Estimated Yield 1.40%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
NUVEEN TACTICAL MARKET OPPORT C SHRS	NTMCX CASH	11,294.209	\$11.10	\$125,385.72	
Dividend Option Reinvest					
Capital Gain Option Reinvest					
PERMANENT PORTFOLIO	PRPFX CASH	4,225.978	\$48.64	\$205,551.57	\$1,141.01
Estimated Yield 0.55%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
ROYCE MICROCAP INVESTMENT CLASS	RYOTX CASH	8,589.188	\$14.78	\$126,947.90	
Dividend Option Reinvest					
Capital Gain Option Reinvest					
TEMPLETON FRONTIER MARKETS FUND CL A	TFMAX CASH	10,953.514	\$15.99	\$175,145.69	\$2,050.50
Estimated Yield 1.17%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
Total Equity				\$4,356,466.66	\$51,834.78
Fixed Income					
FRANKLIN STRATEGIC INCOME CLASS A	FRSTX CASH	19,423.708	\$10.66	\$207,445.20	\$11,527.97
Estimated Yield 5.55%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					
FRANKLIN US GOV'T CLASS A	FKUSA CASH	27,254.809	\$6.80	\$185,332.70	\$6,156.23
Estimated Yield 3.32%					
Dividend Option Reinvest					
Capital Gain Option Reinvest					

Statement for the Period December 1, 2012 to December 31, 2012

SMS FOUNDATION - Corporation



HOLDINGS - MUTUAL FUNDS *continued*

Description	Symbol/Cusip Account Type	Quantity	Price on 12/31/12	Current Market Value	Estimated Annual Income
NUVEEN STRATEGIES INCOME CLASS C	FCBXX	12,837,324	\$11.41	\$145,473.87	\$4,833.25
Estimated Yield 3.30%	CASH				
Dividend Option Reinvest					
Capital Gain Option Reinvest					
TEMPLETON GLOBAL BOND CLASS A	TPINX	16,261,039	\$13.36	\$217,840.30	\$12,604.78
Estimated Yield 5.78%	CASH				
Dividend Option Reinvest					
Capital Gain Option Reinvest					
Total Fixed Income				\$757,092.07	\$35,122.23
Total Mutual Funds				\$5,113,558.73	\$86,957.01
Total Securities				\$5,113,558.73	\$86,957.01
TOTAL PORTFOLIO VALUE				\$5,427,713.28	\$86,957.01