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Form 990-PF

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2012

Open to Public Inspection

For calendar year 2012, or tax year beginning 01-01-2012 , and ending 12-31-2012

Name of foundation THE DAYDREAMS FOUNDATION INC		A Employer identification number 20-8119196	
Number and street (or P O box number if mail is not delivered to street address) 8511 RAPLEY PRESERVE CIRCLE		B Telephone number (see instructions) (301) 469-6195	
City or town, state, and ZIP code POTOMAC, MD 20854		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) \$ 0		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐	
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)
Revenue	1 Contributions, gifts, grants, etc , received (attach schedule)	41,381			
	2 Check ☐ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	25,501	25,501	25,501	
	4 Dividends and interest from securities.	58,051	58,051	58,051	
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10	49,414			
	b Gross sales price for all assets on line 6a _____ 574,009				
	7 Capital gain net income (from Part IV , line 2)		49,414		
	8 Net short-term capital gain			957	
	9 Income modifications				
	10a Gross sales less returns and allowances				
Operating and Administrative Expenses	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)				
	12 Total. Add lines 1 through 11	174,347	132,966	84,509	
	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	2,175	2,175	2,175	
	c Other professional fees (attach schedule)	12,414	12,414	12,414	
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	210	210	210	
	19 Depreciation (attach schedule) and depletion . . .				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 Total operating and administrative expenses.				
	Add lines 13 through 23	14,799	14,799	14,799	0
	25 Contributions, gifts, grants paid	140,000			140,000
	26 Total expenses and disbursements. Add lines 24 and 25	154,799	14,799	14,799	140,000
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	19,548			
	b Net investment income (if negative, enter -0-)		118,167		
	c Adjusted net income (if negative, enter -0-) . . .			69,710	

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			
	2	Savings and temporary cash investments	307,880	399,326	
	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 page 15 of the instructions)			
	7	Other notes and loans receivable (attach schedule) ▶ _____ 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 (attach schedule)			
	b	Investments—corporate stock (attach schedule)	1,300,653	1,286,891	
	c	Investments—corporate bonds (attach schedule)	643,590	585,453	
	11	Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	20,138	20,138	
	14	Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
Liabilities	15	Other assets (describe ▶ _____)			
	16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	2,272,261	2,291,808	0
	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
Net Assets or Fund Balances	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶ _____)	 1		
	23	Total liabilities (add lines 17 through 22)	1	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			
	28	Paid-in or capital surplus, or land, bldg , and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	2,272,260	2,291,808	
Net Assets or Fund Balances	30	Total net assets or fund balances (see page 17 of the instructions)	2,272,260	2,291,808	
	31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	2,272,261	2,291,808	

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	2,272,260
2	Enter amount from Part I, line 27a	2	19,548
3	Other increases not included in line 2 (itemize) ▶ _____	3	
4	Add lines 1, 2, and 3	4	2,291,808
5	Decreases not included in line 2 (itemize) ▶ _____	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	2,291,808

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	See Additional Data Table			
b				
c				
d				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a See Additional Data Table			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a See Additional Data Table			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	49,414
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8		3	957

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 page 18 of 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	100,000	2,307,435	0 04334
2010	116,500	2,396,251	0 04862
2009	115,987	1,948,272	0 05953
2008	100,000	1,926,277	0 05191
2007	100,000	1,859,620	0 05377

2 Total of line 1, column (d).	2	0 25718
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0 05144
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.	4	2,264,453
5 Multiply line 4 by line 3.	5	116,472
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	1,182
7 Add lines 5 and 6.	7	117,654
8 Enter qualifying distributions from Part XII, line 4.	8	140,000

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 VIExcise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the 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	1,182
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	
3		Add lines 1 and 2.		3	1,182
4		Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	
5		Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-		5	1,182
6		Credits/Payments			
a		2012 estimated tax payments and 2011 overpayment credited to 2012	6a	248	
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	248
8		Enter any penalty for underpayment of estimated tax Check here ☒ if Form 2220 is attached		8	19
9		Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	953
10		Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid.		10	
11		Enter the amount of line 10 to be Credited to 2013 estimated tax	Refunded	11	

Part VII-AStatements Regarding Activities

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?		Yes	No
		1a		No
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?			No
	If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.			
c	Did the foundation file Form 1120-POL for this year?	1c		No
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?	2		No
	If "Yes," attach a detailed description of the activities.			
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	3		No
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a		No
b	If "Yes," has it filed a tax return on Form 990-T for this year?	4b		No
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	5		No
	If "Yes," attach the statement required by General Instruction T.			
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either - By language in the governing instrument, or - By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	Yes	
7	Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) _____			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation .	8b	Yes	
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	9		No
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10	Yes	

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		No
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		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	
Website address ▶N/A				
14	The books are in care of ▶THE FOUNDATION Telephone no ▶(301) 469-6195			
	Located at ▶8511 RAPLEY PRESERVE CIRCLE POTOMAC MD ZIP +4 ▶20854			
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		
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?	16		No
See instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes", enter the name of the foreign country ▶				

Part VII-B

Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			Yes	No
1a	During the year did the foundation (either directly or indirectly)			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). ☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?	1b		No
	Organizations relying on a current notice regarding disaster assistance check here. ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1c		No
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 ▶ 20____, 20____, 20____, 20____			
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions).	2b		No
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20____, 20____, 20____, 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.</i>).	3b		No
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
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		No

Part VII-B

Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a	During the year did the foundation pay or incur any amount to			
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	☐ Yes	☒ No	
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	☐ Yes	☒ No	
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	☐ Yes	☒ No	
	(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions).	☐ Yes	☒ No	
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	☐ Yes	☒ No	
b	If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?	5b		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?			
	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?			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	6b		No
	If "Yes" to 6b, file Form 8870.			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?			
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	7b		No

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
GARY WAYNE DAY	Vice President	0		
8511 RAPLEY PRESERVE CIRCLE POTOMAC, MD 20854	1 00			
LYNN MARIE BROWN	Vice President	0		
8511 RAPLEY PRESERVE CIRCLE POTOMAC, MD 20854	1 00			
MARY GRACE DAY	President	0		
8511 RAPLEY PRESERVE CIRCLE POTOMAC, MD 20854	2 00			
2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."				
(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				
Total number of other employees paid over \$50,000.				

Part VIII

Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE".

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services.		

Part IX-A

Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1	
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	
2	
All other program-related investments. See page 24 of the instructions.	
3	
Total. Add lines 1 through 3.	

Part X

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	1,967,126
b	Average of monthly cash balances.	1b	331,811
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	2,298,937
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	
3	Subtract line 2 from line 1d.	3	2,298,937
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	34,484
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	2,264,453
6	Minimum investment return. Enter 5% of line 5.	6	113,223

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	113,223
2a	Tax on investment income for 2012 from Part VI, line 5.	2a	1,182
b	Income tax for 2012 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	1,182
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	112,041
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	112,041
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	112,041

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	140,000
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	140,000
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	1,182
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	138,818
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				112,041
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only.				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2012				
a From 2007.				
b From 2008.				
c From 2009.	15,821			
d From 2010.				
e From 2011.				
f Total of lines 3a through e.	15,821			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 140,000				
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).	0			
d Applied to 2012 distributable amount.				112,041
e Remaining amount distributed out of corpus	27,959			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	43,780			
b Prior years' undistributed income Subtract line 4b from line 2b.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount—see instructions.				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount—see instructions.				
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.	43,780			
10 Analysis of line 9				
a Excess from 2008.				
b Excess from 2009.	15,821			
c Excess from 2010.				
d Excess from 2011.				
e Excess from 2012.	27,959			

Part XIVPrivate 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 organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

☐ 4942(j)(3) or ☐ 4942(j)(5)

2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed.	Tax year	Prior 3 years			(e) Total
		(a) 2012	(b) 2011	(c) 2010	(d) 2009	
b	85% of line 2a					
c	Qualifying distributions from Part XII, line 4 for each year listed.					
d	Amounts included in line 2c not used directly for active conduct of exempt activities.					
e	Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c.					
3	Complete 3a, b, or c for the alternative test relied upon					
a	"Assets" alternative test—enter					
	(1) Value of all assets					
	(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b	"Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed.					
c	"Support" alternative test—enter					
	(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties).					
	(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					
	(3) Largest amount of support from an exempt organization					
	(4) Gross investment income					

Part XVSupplementary Information (Complete this part only if the organization 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))

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

2

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

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

a

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

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

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

Form **990-PF** (2012)

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f _____					
g Fees and contracts from government agencies					
2 Membership dues and assessments.					
3 Interest on savings and temporary cash investments			14	25,501	
4 Dividends and interest from securities.			14	58,051	
5 Net rental income or (loss) from real estate					
a Debt-financed property.					
b Not debt-financed property.					
6 Net rental income or (loss) from personal property					
7 Other investment income.					
8 Gain or (loss) from sales of assets other than inventory					49,414
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory.					
11 Other revenue a _____					
b _____					
c _____					
d _____					
e _____					
12 Subtotal. Add columns (b), (d), and (e).				83,552	49,414
13 Total. Add line 12, columns (b), (d), and (e).			13		132,966

[illegible]

Form **990-PF** (2012)

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
290 sh Kohls Corp	P	2012-08-15	2012-12-18
50 sh Kimberly Clark	P	2010-12-08	2012-12-17
10 sh Sempra Energy	P	2010-04-13	2012-12-17
50 sh Plains Exploration	P	2010-04-13	2012-12-11
90 sh National Grid PLC	P	2010-12-08	2012-12-04
10 sh Qualcomm Inc	P	2011-12-05	2012-11-23
10 sh AT&T	P	2010-12-08	2012-11-21
50 sh Qep Resources Inc	P	2010-07-08	2012-11-15
70 sh EMC Corp	P	2011-01-01	2012-11-08
220 sh Covidien PLC	P	2010-12-08	2012-10-29
60 sh Verizon Comm	P	2010-12-08	2012-10-18
27 sh Kraft Foods	P	2010-04-13	2012-10-15
10 sh Accenture PLC	P	2011-11-01	2012-10-03
20 sh Noble Corp	P	2010-12-08	2012-10-02
64 sh Linear Technology Corp	P	2010-12-08	2012-10-01
54 sh Microchip Technology	P	2010-12-08	2012-10-01
220 sh Merck	P	2011-11-16	2012-09-28
90 sh American Capital Agency	P	2012-04-02	2012-09-26
20 sh Schlumberger LTD	P	2010-04-13	2012-09-26
40 sh Halliburton Co	P	2010-04-13	2012-09-26
240 sh Genuine Parts	P	2010-12-08	2012-09-19
50 sh Valero Energy Corp	P	2010-04-13	2012-08-20
420 sh Bristol Myers Squibb	P	2011-12-21	2012-08-15
70 sh Mattel Inc	P	2010-12-08	2012-07-27
60 sh BB&T	P	2010-04-13	2012-07-24
30 sh JP Morgan Chase	P	2010-04-13	2012-07-24
260 sh Kimco Realty	P	2010-12-08	2012-07-23
20 sh Johnson Controls	P	2010-04-13	2012-07-16
10 sh BNY Mellon Bond FD	P	2010-04-03	2012-07-06
300 sh Validus Holdings	P	2011-12-27	2012-06-22

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
280 sh Honeywell Int'l	P	2010-12-08	2012-06-22
40 sh Digital Realty	P	2010-04-13	2012-06-22
231 sh Nextera Energy Corp	P	2010-12-08	2012-09-19
400 sh Spectra Energy Corp	P	2010-12-08	2012-06-13
370 sh Home Depot Inc	P	2010-12-08	2012-06-13
240 sh Coca-Cola Co	P	2010-12-08	2012-06-06
100 sh Texas Instruments	P	2011-11-09	2012-05-22
220 sh Yum! Brands	P	2010-12-08	2012-05-18
110 sh AT&T	P	2010-12-08	2012-05-04
10 sh State Street Corp	P	2010-04-13	2012-05-02
30 sh Johnson & Johnson	P	2010-04-13	2012-04-24
150 sh Pfizer Inc	P	2010-04-13	2012-04-24
40 sh Rovi Corp	P	2011-11-28	1992-04-18
60 sh Royal Dutch Shell	P	2010-12-08	2012-04-17
105 sh Analog Devices	P	2011-11-09	2012-04-09
30 sh Microchip Technology	P	2010-12-08	2012-04-09
100 sh Kinder Morgan	P	2010-12-08	2012-04-09
10 sh Air Products & Chem Inc	P	2010-04-13	2012-04-09
150 sh PPG Industries	P	2010-12-08	2012-04-02
640 sh Annaly Cap Mgt	P	2010-12-08	2012-04-02
370 sh Seagate Tech	P	2010-12-08	2012-04-02
80 sh Invesco Mortgage	P	2010-12-08	2012-04-02
230 sh Kellogg	P	2010-04-13	2012-03-22
83 sh Apple Inc	P	2010-04-13	2012-03-20
640 sh Exxon Mobil	P	2011-12-16	2012-03-14
30 sh Deere & Co	P	2010-04-13	2012-02-22
30 sh Cameron Int'l Corp	P	2010-04-13	2012-02-15
70 sh Duke Energy	P	2010-12-08	2012-02-01
242 sh Citigroup Inc	P	2010-12-08	2012-02-01
150 sh Verizon Comm	P	2010-12-08	2012-01-23

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
6 sh IBM	P	2010-12-08	2012-01-18
40 sh Agilent Tech Inc	P	2010-12-13	2012-06-07
20000 HFC 6 375% 11/27/2012	P	2010-07-02	2012-11-27
20000 NYSE Euronext 4 8% 6/28/2013	P	2010-07-23	2012-10-05
25000 Royal Bank of Scotland 4 875% 3/16/2015	P	2010-07-01	2012-09-19
20000 Barclays Bank 5 45% 9/12/2012	P	2010-08-20	2012-09-12
25000 Lloyds Tsb Bank 4 875% 1/21/2016	P	2010-12-27	2012-07-10
20000 AT&T 4 95% 1/15/2013	P	2010-08-19	2012-06-29
20000 Wells Fargo 4 95% 10/16/13	P	2010-07-29	2012-06-29

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
12,697		14,763	-2,066
4,282		3,095	1,187
716		504	212
2,666		2,110	556
5,079		4,147	932
622		642	-20
331		259	72
1,424		1,494	-70
1,729		1,880	-151
12,157		9,416	2,741
2,677		2,738	-61
1,236		842	394
700		608	92
710		775	-65
2,019		1,983	36
1,762		2,026	-264
10,051		7,892	2,159
3,167		2,634	533
1,492		1,532	-40
1,443		1,408	35
14,999		11,908	3,091
1,530		1,114	416
12,972		14,040	-1,068
2,404		1,790	614
1,912		1,571	341
1,050		1,355	-305
5,029		4,475	554
537		636	-99
1,098		1,325	-227
9,346		9,103	243

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
15,839		14,260	1,579
3,014		2,150	864
15,679		584	15,095
11,139		9,888	1,251
19,436		12,299	7,137
17,541		15,557	1,984
2,841		3,205	-364
15,353		11,150	4,203
3,838		3,952	-114
463		461	2
1,887		1,919	-32
3,355		2,499	856
1,165		2,042	-877
4,085		3,803	282
4,081		4,071	10
1,103		1,148	-45
3,941		3,109	832
916		734	182
14,193		11,988	2,205
9,965		11,646	-1,681
10,009		5,896	4,113
1,387		1,414	-27
11,503		12,470	-967
43,143		36,189	6,954
53,967		51,652	2,315
2,485		1,798	687
1,687		1,494	193
1,481		1,407	74
16,784		22,769	-5,985
5,829		5,215	614

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
1,120		119	1,001
1,506		1,506	
20,000		21,626	-1,626
20,660		21,728	-1,068
26,941		24,945	1,996
20,000		21,565	-1,565
26,350		24,985	1,365
20,492		21,809	-1,317
20,994		21,478	-484

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) 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	
			-2,066
			1,187
			212
			556
			932
			-20
			72
			-70
			-151
			2,741
			-61
			394
			92
			-65
			36
			-264
			2,159
			533
			-40
			35
			3,091
			416
			-1,068
			614
			341
			-305
			554
			-99
			-227
			243

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) 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	
			1,579
			864
			15,095
			1,251
			7,137
			1,984
			-364
			4,203
			-114
			2
			-32
			856
			-877
			282
			10
			-45
			832
			182
			2,205
			-1,681
			4,113
			-27
			-967
			6,954
			2,315
			687
			193
			74
			-5,985
			614

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) 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	
			1,001
			-1,626
			-1,068
			1,996
			-1,565
			1,365
			-1,317
			-484

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

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

OMB No 1545-0047

2012

Name of the organization THE DAYDREAMS FOUNDATION INC	Employer identification number 20-8119196
--	--

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 33¹/₃% 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).

Name of organization THE DAYDREAMS FOUNDATION INC	Employer identification number 20-8119196
---	---

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
1	Mary Grace Day 8511 Rapley Preserve Circle Potomac, MD 20854	\$ 41,381	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)
		\$	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)
		\$	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 THE DAYDREAMS FOUNDATION INC	Employer identification number 20-8119196
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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 See instructions) ▶ \$

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 4Relationship of transferor to transferee		
—			
	(e) Transfer of gift		
	Transferee's name, address, and ZIP 4Relationship of transferor to transferee		
—			
	(e) Transfer of gift		
	Transferee's name, address, and ZIP 4Relationship of transferor to transferee		
—			
	(e) Transfer of gift		
	Transferee's name, address, and ZIP 4Relationship of transferor to transferee		
—			
	(e) Transfer of gift		
	Transferee's name, address, and ZIP 4Relationship of transferor to transferee		

TY 2012 Accounting Fees Schedule

Name: THE DAYDREAMS FOUNDATION INC

EIN: 20-8119196

Software ID: 12000229

Software Version: 2012v2.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
	2,175	2,175	2,175	0

TY 2012 Other Professional Fees Schedule**Name:** THE DAYDREAMS FOUNDATION INC**EIN:** 20-8119196**Software ID:** 12000229**Software Version:** 2012v2.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Investment Advisory Fees	12,414	12,414	12,414	0

TY 2012 Substantial Contributors Schedule

Name: THE DAYDREAMS FOUNDATION INC

EIN: 20-8119196

Software ID: 12000229

Software Version: 2012v2.0

Name	Address
Mary Grace Day	8511 Rapley Preserve Circle Potomac, MD 20854

TY 2012 Taxes Schedule

Name: THE DAYDREAMS FOUNDATION INC

EIN: 20-8119196

Software ID: 12000229

Software Version: 2012v2.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Foreign taxes	210	210	210	