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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 TERHULY FOUNDATION CO HUGH K SCHILLING		A Employer identification number 41-1818562	
Number and street (or P O box number if mail is not delivered to street address) 2565 WALNUT STREET		B Telephone number (see instructions) (651) 361-6400	
City or town, state, and ZIP code ROSEVILLE, MN 55113		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) \$ 3,232,534		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)				
	2 Check ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	34	34		
	4 Dividends and interest from securities.	87,103	84,867		
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10	17,520			
	b Gross sales price for all assets on line 6a _____ 2,876,587				
	7 Capital gain net income (from Part IV , line 2)		17,520		
	8 Net short-term capital gain				
	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)	3	0		
	12 Total. Add lines 1 through 11	104,660	102,421		
	13 Compensation of officers, directors, trustees, etc	0	0		0
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	4,725	2,363		2,362
	c Other professional fees (attach schedule)	37,032	37,032		0
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	1,249	14		0
	19 Depreciation (attach schedule) and depletion . . .				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	43	18		25
	24 Total operating and administrative expenses. Add lines 13 through 23	43,049	39,427		2,387
	25 Contributions, gifts, grants paid	152,000			152,000
	26 Total expenses and disbursements. Add lines 24 and 25	195,049	39,427		154,387
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-90,389			
	b Net investment income (if negative, enter -0-)		62,994		
	c Adjusted net income (if negative, enter -0-)				

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		222	222
	2	Savings and temporary cash investments	348,960	1,761,961	1,761,961
	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)	0	655,819	906,747
	c	Investments—corporate bonds (attach schedule).	0	536,080	563,604
	11	Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	2,696,497		
	14	Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
	15	Other assets (describe ▶ _____)			
	16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	3,045,457	2,954,082	3,232,534

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

Net Assets or Fund Balances		Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☒ 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	3,045,457	2,954,082	
	30	Total net assets or fund balances (see page 17 of the instructions)	3,045,457	2,954,082	
	31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	3,045,457	2,954,082	

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	3,045,457
2	Enter amount from Part I, line 27a	2	-90,389
3	Other increases not included in line 2 (itemize) ▶	3	48
4	Add lines 1, 2, and 3	4	2,955,116
5	Decreases not included in line 2 (itemize) ▶	5	1,034
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	2,954,082

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)
1 a PUBLICLY TRADED SECURITIES				
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 2,876,587		2,859,067	17,520	
b				
c				
d				
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			17,520	
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	17,520
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8			3	

Part V

Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No
If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see 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	131,337	3,300,340	0 039795
2010	126,305	3,155,867	0 040022
2009	153,544	2,852,658	0 053825
2008	193,116	3,627,120	0 053242
2007	227,370	4,367,330	0 052062
2 Total of line 1, column (d).			2 0 238946
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 047789
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.			4 4,984,905
5 Multiply line 4 by line 3.			5 238,224
6 Enter 1% of net investment income (1% of Part I, line 27b).			6 630
7 Add lines 5 and 6.			7 238,854
8 Enter qualifying distributions from Part XII, line 4.			8 154,387
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	1,260
c		All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2		Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		2	0
3		Add lines 1 and 2.		3	1,260
4		Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	0
5		Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-		5	1,260
6		Credits/Payments			
a		2012 estimated tax payments and 2011 overpayment credited to 2012	6a	1,500	
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	1,500
8		Enter any penalty for underpayment of estimated tax Check here ☐ if Form 2220 is attached		8	3
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	237
11		Enter the amount of line 10 to be Credited to 2013 estimated tax 237	Refunded	11	0

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 \$ 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.	2		No
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		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.	5		No
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) MN			
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		No

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 ▶HUGH SCHILLING Telephone no ▶(651) 361-6400 Located at ▶2565 WALNUT STREET ROSEVILLE MN ZIP +4 ▶55113			
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)?. . . Organizations relying on a current notice regarding disaster assistance check here. ▶ ☐	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		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		
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		
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

Organizations relying on a current notice regarding disaster assistance check here.

c

If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

Yes

No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a

Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

Yes

No

b

Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

6b

No

If "Yes" to 6b, file Form 8870.

7a

At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

Yes

No

b

If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

7b

Part VIII

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

1

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Additional Data Table				

2

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

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

Total

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

0

Part VIII

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

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE".		
(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services.		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	
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.	0

Part X

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	2,791,261
b	Average of monthly cash balances.	1b	2,269,556
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	5,060,817
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	5,060,817
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	75,912
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	4,984,905
6	Minimum investment return. Enter 5% of line 5.	6	249,245

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	249,245
2a	Tax on investment income for 2012 from Part VI, line 5.	2a	1,260
b	Income tax for 2012 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	1,260
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	247,985
4	Recoveries of amounts treated as qualifying distributions.	4	0
5	Add lines 3 and 4.	5	247,985
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	247,985

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	154,387
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	154,387
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	154,387
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				247,985
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only.			108,000	
b Total for prior years 20__, 20__, 20__		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 ▶ \$ 154,387				
a Applied to 2011, but not more than line 2a			108,000	
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.				46,387
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 instructions			0	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013.				201,598
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions).	0			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions). . . .	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)

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 XV

Supplementary 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))

HUGH K SCHILLING SR

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

Part XV

Supplementary Information (continued)

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

Recipient	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
Name and address (home or business)				
a Paid during the year See Additional Data Table				
Total			3a	152,000
b Approved for future payment				
Total			3b	0

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	34	
4	Dividends and interest from securities.			14	87,103	
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			18	17,520	
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory.					
11	Other revenue a LAZARD, INC PARTNERSHIP DISTRIBUTION _____			01	3	
b	_____					
c	_____					
d	_____					
e	_____					
12	Subtotal Add columns (b), (d), and (e).		0		104,660	0
13	Total. Add line 12, columns (b), (d), and (e).			13		104,660

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

[illegible]

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

[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

**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 or fiduciary) is based on all information of which preparer has any knowledge.

*****	2013-05-13	*****	May the IRS discuss this return with the preparer shown below (see instr.)? ☒ Yes ☐ No
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**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ☒	PTIN P00092672
	TODD A JACKSON	TODD A JACKSON			
	Firm's name ☐	MCGLADREY LLP			Firm's EIN ☐ 42-0714325
		801 NICOLLET MALL SUITE 1100			
	Firm's address ☐	MINNEAPOLIS, MN 55402			Phone no (612) 332-4300

Form 990PF Part VIII Line 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
HUGH K SCHILLING SR	PRESIDENT 1 00	0	0	0
2565 WALNUT STREET ROSEVILLE, MN 55113				
MARGARET S SCHILLING	DIRECTOR 0 50	0	0	0
2565 WALNUT STREET ROSEVILLE, MN 55113				
HUGH K SCHILLING JR	TREASURER 0 50	0	0	0
2565 WALNUT STREET ROSEVILLE, MN 55113				
TERRY L SCHILLING GILBERSTADT	SECRETARY 3 00	0	0	0
2565 WALNUT STREET ROSEVILLE, MN 55113				
LYNN M SCHILLING BROWN	VICE PRESIDENT 0 50	0	0	0
2565 WALNUT STREET ROSEVILLE, MN 55113				

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i>				
ACCESSABILITY 360 HOOVER STREET NE MINNEAPOLIS,MN 55413	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
AMERICAN RED CROSS 1201 WEST RIVER PARKWAY MINNEAPOLIS,MN 55454	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	10,000
ANIMAL HUMANE SOCIETY 845 MEADOW LANE NO MINNEAPOLIS,MN 55422	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,000
BIG BROTHERS BIG SISTERS 2550 UNIVERSITY AVE 410N ST PAUL,MN 55114	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
BOY SCOUTS NORTHERN STAR COUNCIL 393 MARSHALL AVE ST PAUL,MN 55102	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
BRITTON HEKLA SCHOOL DISTRICT PO BOX 190 759 FIFTH STREET BRITTON,SD 574300190	NONE	PUBLIC CHARITY	SCHILLING FIELD	25,000
CHILDREN'S HOME SOCIETY & FAMILY SERVICE 1605 EUSTIS STREET ST PAUL,MN 55108	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,000
CONCORDIA LANGUAGE VILLAGE CONCORDIA COLLEGE 901 8TH STREET SO MOORHEAD,MN 56562	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
DEEP PORTAGE CONSERVATION RESERVE 2197 NATURE DRIVE HACKENSACK,MN 56452	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
DODGE NATURE CENTER 365 MARIE AVE W WEST ST PAUL,MN 55118	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
EAGLE BLUFF 28097 GOODVIEW DRIVE LANSBORO,MN 55949	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
EMERGENCY FOOD NETWORK 8501 54TH AVE NO NEW HOPE,MN 55428	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	10,000
FRIENDS SCHOOL OF MINNESOTA 1365 ENGLEWOOD AVE ST PAUL,MN 55104	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,000
GIRL SCOUT COUNCIL OF MN AND WI 400 ROBERT ST SO ST PAUL,MN 55107	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
GREAT RIVER GREENING 35 WEST WATER ST 201 ST PAUL,MN 55107	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i>				
HAZELDEN PO BOX 64348 ST PAUL,MN 551649677	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
HOPE ACADEMY 2300 CHICAGO AVE SOUTH MINNEAPOLIS,MN 55404	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	4,000
INTERNATIONAL MUSIC CAMP 111 11TH AVE SW MINOT,ND 587014693	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
JUNIOR ACHIEVEMENT (UPPER MIDWEST) 1800 WHITE BEAR AVE NO MAPLEWOOD,MN 55109	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
LONG LAKE CONSERVATION CENTER 28952 438TH LANE PALISADE,MN 56469	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
MINNEAPOLIS ACADEMY 5011 31ST AVE SO MINNEAPOLIS,MN 55417	NONE	PUBLIC CHARITY	PROGRAM SUPPORT/CLOSE-UP PROGRAM	5,500
MINNEAPOLIS CHILDREN'S MUSEUM 10 WEST 7TH ST ST PAUL,MN 55102	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
MINNESOTA HISTORICAL SOCIETY 345 KELLOGG BLVD WEST ST PAUL,MN 55102	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
MINNESOTA STATE FAIR FOUNDATION 1265 SNELLING AVE NO ST PAUL,MN 55108	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	5,000
MINNESOTA ZOO FOUNDATION 13000 ZOO BLVD APPLE VALLEY,MN 56124	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
NATIONAL ALLIANCE FOR MENTALLY ILL (NAMI) PO BOX 300 RED WING,MN 55066	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,000
PACER 8161 NORMANDALE BLVD BLOOMINGTON,MN 55437	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,000
PRESBYTERIAN HOMES OF MN 2845 HAMLINE AVE NO SUITE 200 ROSEVILLE,MN 55113	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	4,000
RED WING ENVIRONMENTAL LEARNING CENTER 5354 TOWER VIEW DRIVE RED WING,MN 55066	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
REGIONAL HOSPICE SERVICES 2101 BEASER AVE ASHLAND,WI 54806	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,000

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i>				
SALVATION ARMY OF THE TWIN CITIES 2445 PRIOR AVE ROSEVILLE, MN 55113	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	7,500
SCIENCE MUSEUM OF MN 120 WEST KELLOGG BLVD ST PAUL, MN 55102	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
ST JOHN'S PREP SCHOOL BOX 4000 COLLEGEVILLE, MN 563214000	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
ST PAUL ACADEMY AND SUMMIT SCHOOL 1712 RANDOLPH AVE ST PAUL, MN 55105	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	4,000
UNION GOSPEL MISSION 77 NINTH STREET EAST ST PAUL, MN 551012288	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,000
UNITED THEOLOGICAL SEMINARY OF TWIN CITIES 3000 FIFTH STREET NW NEW BRIGHTON, MN 551122598	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	4,000
WOLF RIDGE 6282 CRANBERRY ROAD FINLAND, MN 55603	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	1,000
YMCA CAMP LCAGHOWAN 899A 115TH STREET AMERY, WI 54001	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
YMCA CAMP WIDJIWAGAN 2125 E HENNEPIN AVE MINNEAPOLIS, MN 55413	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
YMCA OF ST PAUL 375 SELBY AVE ST PAUL, MN 55102	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	2,000
SOUTH DAKOTA COMMUNITY FDN PO BOX 296 PIERRE, SD 57501	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	10,000
LINK 1210 GLENWOOD AVE MINNEAPOLIS, MN 55405	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,500
NORTHWEST YOUTH AND FAMILY SERVICES 3490 LEXINGTON AVE N STE 205 SHOREVIEW, MN 55126	NONE	PUBLIC CHARITY	PROGRAM SUPPORT	3,500
Total  3a				152,000

TY 2012 Accounting Fees Schedule

Name: TERHULY FOUNDATION CO HUGH K SCHILLING

EIN: 41-1818562

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	4,725	2,363		2,362

**TY 2012 Investments Corporate
Bonds Schedule****Name:** TERHULY FOUNDATION CO HUGH K SCHILLING**EIN:** 41-1818562

Name of Bond	End of Year Book Value	End of Year Fair Market Value
AMERICAN EXPRESS - 50000 SHS	48,185	50,903
GENERAL ELEC CAPITAL CORP - 25000 SHS	23,019	25,093
SLM CORP SER CPI/FLOATER - 100000 SHS	100,000	100,212
AMERICAN EXPRESS - 35000 SHS	35,099	38,087
GOLDMAN SACHS GROUP INC - 50000 SHS	47,327	49,792
WELLS FARGO & CO. - 25000 SHS	25,980	26,820
GOLDMAN SACHS GROUP INC - 30000 SHS	29,091	29,437
JPMORGAN CHASE & CO. - 75000 SHS	68,638	74,993
AT&T INC - 40000 SHS	40,515	41,743
ALCOA INC - 40000 SHS	42,122	43,302
MERRILL LYNCH & CO. - 25000 SHS	22,123	23,414
FORD MOTOR CREDIT CO - 30000 SHS	29,940	29,783
BEAR STEARNS CO INC. - 25000 SHS	24,041	30,025

**TY 2012 Investments Corporate
Stock Schedule****Name:** TERHULY FOUNDATION CO HUGH K SCHILLING**EIN:** 41-1818562

Name of Stock	End of Year Book Value	End of Year Fair Market Value
ALTRIA - 2228 SHS	38,343	70,048
APPLE, INC - 238 SHS	66,922	126,657
AT&T - 1684 SHS	52,202	56,768
CHEVRON CORP - 300 SHS	31,762	32,442
EATON CORP PLC - 796 SHS	41,118	43,127
GENERAL ELECTRIC CO - 4464 SHS	81,114	93,699
MONDELEZ INTL INC - 1505 SHS	38,472	38,307
PFIZER, INC - 2848 SHS	58,636	71,426
PHILIP MORRIS INTL INC - 2000 SHS	58,160	167,280
VERIZON COMMUNICATIONS - 1474 SHS	52,331	63,780
ISHARES IBOXX H/Y CORP - 500 SHS	44,980	46,675
MARKET VECTORS HIGH YIELD MUNI - 1700 SHS	52,589	55,828
SPDR BARCLAYS CAPITAL HIGH YIELD - 1000 SHS	39,190	40,710

TY 2012 Other Decreases Schedule

Name: TERHULY FOUNDATION CO HUGH K SCHILLING

EIN: 41-1818562

Description	Amount
BROKER ADJUSTMENTS TO CARRYING VALUES	1,034

TY 2012 Other Expenses Schedule**Name:** TERHULY FOUNDATION CO HUGH K SCHILLING**EIN:** 41-1818562

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
MINNESOTA REGISTRATION FEE	25	0		25
BANK SERVICE CHARGE	18	18		0

TY 2012 Other Income Schedule

Name: TERHULY FOUNDATION CO HUGH K SCHILLING

EIN: 41-1818562

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
LAZARD, INC PARTNERSHIP DISTRIBUTION	3		3

TY 2012 Other Increases Schedule**Name:** TERHULY FOUNDATION CO HUGH K SCHILLING**EIN:** 41-1818562

Description	Amount
PENDING TRADES CLEARING IN 2012	32
ADJUSTMENT TO OPENING CASH BALANCE	16

TY 2012 Other Professional Fees Schedule

Name: TERHULY FOUNDATION CO HUGH K SCHILLING

EIN: 41-1818562

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INVESTMENT MANAGEMENT FEE	37,032	37,032		0

TY 2012 Taxes Schedule**Name:** TERHULY FOUNDATION CO HUGH K SCHILLING**EIN:** 41-1818562

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAXES	14	14		0
FEDERAL EXCISE TAX - PAID FOR 2011	485	0		0
ESTIMATED EXCISE TAX PAID	750	0		0