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

Department of the Treasury  
Internal Revenue Service

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

OMB No. 1545-0052

2012

Open to Public Inspection

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

<p>Name of foundation <b>PeaceMaker Minnesota</b> Number and street (or P O box number if mail is not delivered to street address) <b>2131 Fairview Avenue N</b> City or town, state, and ZIP code <b>Roseville, MN 55113</b></p> <p><b>G</b> Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change</p> <p><b>H</b> Check type of organization: <input type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation</p> <p><b>I</b> Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► <b>\$ 274,631</b> (Part I, column (d) must be on cash basis.)</p>		<p><b>A</b> Employer identification number <b>41-1913867</b></p> <p><b>B</b> Telephone number (see instructions) <b>651-285-7087</b></p> <p><b>C</b> If exemption application is pending, check here ► <input type="checkbox"/></p> <p><b>D</b> 1. Foreign organizations, check here . . . ► <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation ► <input type="checkbox"/></p> <p><b>E</b> If private foundation status was terminated under section 507(b)(1)(A), check here ► <input type="checkbox"/></p> <p><b>F</b> If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► <input checked="" type="checkbox"/></p>			
<p><b>Part I</b> <b>Analysis of Revenue and Expenses</b> (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)</p> <p><b>Revenue</b></p> <p>1 Contributions, gifts, grants, etc., received (attach schedule)</p> <p>2 Check ► <input type="checkbox"/> if the foundation is not required to attach Sch. B</p> <p>3 Interest on savings and temporary cash investments</p> <p>4 Dividends and interest from securities . . . . .</p> <p>5a Gross rents . . . . .</p> <p>  b Net rental income or (loss)</p> <p>6a Net gain or (loss) from sale of assets not on line 10</p> <p>  b Gross sales price for all assets on line 6a</p> <p>7 Capital gain net income (from Part IV, line 2) . . .</p> <p>8 Net short-term capital gain . . . . .</p> <p>9 Income modifications . . . . .</p> <p>10a Gross sales less returns and allowances</p> <p>  b Less: Cost of goods sold . . . . .</p> <p>  c Gross profit or (loss) (attach schedule) . . . . .</p> <p>11 Other income (attach schedule) . . . . .</p> <p>12 <b>Total.</b> Add lines 1 through 11 . . . . .</p>		<p>(a) Revenue and expenses per books</p> <p><b>142,810</b></p> <p><b>147</b></p> <p><b>4,062</b></p> <p><b>147,019</b></p> <p><b>4,209</b></p>	<p>(b) Net investment income</p> <p><b>147</b></p> <p><b>4,062</b></p> <p><b>4,209</b></p>	<p>(c) Adjusted net income</p> <p><b>147</b></p> <p><b>4,062</b></p> <p><b>4,209</b></p>	<p>(d) Disbursements for charitable purposes (cash basis only)</p> <p><b>142</b></p> <p><b>4,209</b></p> <p><b>4,209</b></p>
<p>13 Compensation of officers, directors, trustees, etc.</p> <p>14 Other employee salaries and wages . . . . .</p> <p>20,512</p> <p>15 Pension plans, employee benefits . . . . .</p> <p>16a Legal fees (attach schedule)</p> <p>  b Accounting fees (attach schedule) . . . . .</p> <p>3,315</p> <p>  c Other professional fees (attach schedule) . . . . .</p> <p>17 Interest . . . . .</p> <p>18 Taxes (attach schedule) (see instructions) . . . . .</p> <p>1,748</p> <p>19 Depreciation (attach schedule) and depletion . . . . .</p> <p>20 Occupancy . . . . .</p> <p>1,476</p> <p>21 Travel, conferences, and meetings . . . . .</p> <p>5,734</p> <p>22 Printing and publications . . . . .</p> <p>1,608</p> <p>23 Other expenses (attach schedule) . . . . .</p> <p>5,064</p> <p>24 <b>Total operating and administrative expenses.</b> Add lines 13 through 23 . . . . .</p> <p>107,420</p> <p>25 Contributions, gifts, grants paid . . . . .</p> <p>146,877</p> <p>26 <b>Total expenses and disbursements.</b> Add lines 24 and 25</p> <p>142</p> <p>4,209</p> <p>4,209</p> <p>27 Subtract line 26 from line 12:</p> <p>a <b>Excess of revenue over expenses and disbursements</b></p> <p>b <b>Net investment income</b> (if negative, enter -0-) . . . . .</p> <p>c <b>Adjusted net income</b> (if negative, enter -0-) . . . . .</p>		<p><i>RECEIVED</i> NOV 25 2013 IRS DSC OGDEN, UT 9-18</p>			

<b>Part II Balance Sheets</b>		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)	<b>Beginning of year</b>	<b>End of year</b>	
			<b>(a) Book Value</b>	<b>(b) Book Value</b>	<b>(c) Fair Market Value</b>
<b>Assets</b>	1	Cash—non-interest-bearing . . . . .	14,216	696	696
	2	Savings and temporary cash investments . . . . .	71,378	71,519	71,519
	3	Accounts receivable ► . . . . .	8,459		
		Less: allowance for doubtful accounts ► . . . . .	0	0	8,459
	4	Pledges receivable ► . . . . .			
		Less: allowance for doubtful accounts ► . . . . .			
	5	Grants receivable . . . . .			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions) . . . . .			
	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 . . . . .	143	143	143
	10a	Investments—U.S. and state government obligations (attach schedule) . . . . .			
	b	Investments—corporate stock (attach schedule) . . . . .			
	c	Investments—corporate bonds (attach schedule) . . . . .			
<b>Liabilities</b>	11	Investments—land, buildings, and equipment: basis ► . . . . .			
		Less: accumulated depreciation (attach schedule) ► . . . . .			
	12	Investments—mortgage loans . . . . .			
	13	Investments—other (attach schedule) . . . . .	148,178	153,240	192,810
	14	Land, buildings, and equipment: basis ► . . . . .			
		Less: accumulated depreciation (attach schedule) ► . . . . .			
	15	Other assets (describe ► . . . . .)			
	16	<b>Total assets</b> (to be completed by all filers—see the instructions. Also, see page 1, item I) . . . . .	233,915	234,057	273,627
	17	Accounts payable and accrued expenses . . . . .	0	556	
	18	Grants payable . . . . .			
<b>Net Assets or Fund Balances</b>	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	<b>Total liabilities</b> (add lines 17 through 22) . . . . .		556	
	Foundations that follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24	Unrestricted . . . . .	31,162	28,512	
	25	Temporarily restricted . . . . .	54,972	49,796	
	26	Permanently restricted . . . . .	147,781	155,193	
	Foundations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 27 through 31.				
<b>Part III Analysis of Changes in Net Assets or Fund Balances</b>	27	Capital stock, trust principal, or current funds . . . . .			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund . . . . .			
	29	Retained earnings, accumulated income, endowment, or other funds . . . . .			
	30	<b>Total net assets or fund balances</b> (see instructions) . . . . .	233,915	233,501	
	31	<b>Total liabilities and net assets/fund balances</b> (see instructions) . . . . .	233,915	234,057	

**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	233,915
2	Enter amount from Part I, line 27a . . . . .	2	142
3	Other increases not included in line 2 (itemize) ► . . . . .	3	
4	Add lines 1, 2, and 3 . . . . .	4	234,057
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	234,057

**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					
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					
b					
c					
d					
e					
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			
a					
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		
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 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	152,619	255,262	.597891
2010	112,126	211,607	.529878
2009	82,418	192,151	.428923
2008	104,496	200,780	.520451
2007	58,808	191,834	.194120

2 Total of line 1, column (d) 2 2.271263

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 .454252

4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5 4 255,262

5 Multiply line 4 by line 3 5 115,953

6 Enter 1% of net investment income (1% of Part I, line 27b) 6 43

7 Add lines 5 and 6 7 115,996

8 Enter qualifying distributions from Part XII, line 4 8 146,877  
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.

<b>Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)</b>			
<b>1a</b>	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)	1	43 00
<b>b</b>	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		
<b>c</b>	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
<b>2</b>	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
<b>3</b>	Add lines 1 and 2	3	43 00
<b>4</b>	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
<b>5</b>	<b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-	5	43 00
<b>6</b>	Credits/Payments:		
<b>a</b>	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	
<b>b</b>	Exempt foreign organizations—tax withheld at source	6b	
<b>c</b>	Tax paid with application for extension of time to file (Form 8868)	6c	
<b>d</b>	Backup withholding erroneously withheld	6d	
<b>7</b>	Total credits and payments. Add lines 6a through 6d	7	
<b>8</b>	Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
<b>9</b>	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b> ►	9	43 00
<b>10</b>	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b> ►	10	
<b>11</b>	Enter the amount of line 10 to be: <b>Credited to 2013 estimated tax</b> ►	Refunded	11

#### **Part VII-A Statements Regarding Activities**

	Yes	No
<b>1a</b>		✓
<b>1b</b>		✓
<b>1c</b>	✓	
<b>2</b>		✓
<b>3</b>	✓	
<b>4a</b>	✓	
<b>4b</b>		
<b>5</b>	✓	
<b>6</b>	✓	
<b>7</b>	✓	
<b>8b</b>	✓	
<b>9</b>		✓
<b>10</b>		✓

*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?

**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?  
*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*

**4a** Did the foundation have unrelated business gross income of \$1,000 or more during the year?

**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.*

**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?

**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*

**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*

**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*

**10** Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*

**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	✓
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions) . . . . .	12	✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <a href="http://www.peacemakermn.org">www.peacemakermn.org</a>	13	✓
14	The books are in care of ► Daniel McNeil Located at ► 2131 Fairview Avenue N, Suite E	Telephone no. ► 651-631-1604 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? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes ✓ No

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

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

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

**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:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			
(1)	Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			
(2)	Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			
(3)	Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			
	Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>					
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?	<input type="checkbox"/> Yes	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			
b	If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No			
		<b>7b</b>				

**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
Valerie Swenson 64 Rosewood Drive, Little Canada, MN 55117	Director, President, 1 hour	0	0	0
Terry McNeil 124 5th Avenue North E, Osseo, MN, 55369	Director, VP &Secretary 1 hour	0	0	0
Mat Winkelmann 801 Nicollet Ave., Minneapolis, MN 55402	Director, Treasurer 1 hour	0	0	0
Pamela Adams 5315 Clinton Avenue, Minneapolis, MN 55419	Director 1 hour	0	0	0

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

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
N/A				
<b>Total number of other employees paid over \$50,000</b>				►

**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		

## 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.

1	<b>Provides Grants to a minimum of 28 Minnesota public and private K-12 schools to help them teach students to be peacemakers</b>	
2		107,420
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.

**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	186,001
b	Average of monthly cash balances	1b	73,148
c	Fair market value of all other assets (see instructions)	1c	
d	<b>Total</b> (add lines 1a, b, and c)	1d	259,149
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	259,149
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	3,887
5	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	5	255,262
6	<b>Minimum investment return.</b> Enter 5% of line 5	6	12,763

**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	12,763
2a	Tax on investment income for 2012 from Part VI, line 5	2a	43
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	43
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	12,720
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	12,720
6	Deduction from distributable amount (see instructions)	6	
7	<b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	12,720

**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	146,877
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	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	146,877
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	43
6	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	146,834

**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
<b>1</b> Distributable amount for 2012 from Part XI, line 7 . . . . .				<b>12,720</b>
<b>2</b> Undistributed income, if any, as of the end of 2012:				
<b>a</b> Enter amount for 2011 only . . . . .				
<b>b</b> Total for prior years: 20 ____,20 ____,20 ____				
<b>3</b> Excess distributions carryover, if any, to 2012:				
<b>a</b> From 2007 . . . . .	<b>49,378</b>			
<b>b</b> From 2008 . . . . .	<b>94,567</b>			
<b>c</b> From 2009 . . . . .	<b>72,798</b>			
<b>d</b> From 2010 . . . . .	<b>101,686</b>			
<b>e</b> From 2011 . . . . .	<b>141,243</b>			
<b>f</b> <b>Total</b> of lines 3a through e . . . . .	<b>459,672</b>			
<b>4</b> Qualifying distributions for 2012 from Part XII, line 4: ► \$ <b>146,877</b>				
<b>a</b> Applied to 2011, but not more than line 2a . . . . .			<b>0</b>	
<b>b</b> Applied to undistributed income of prior years (Election required—see instructions) . . . . .		<b>0</b>		
<b>c</b> Treated as distributions out of corpus (Election required—see instructions) . . . . .	<b>0</b>			
<b>d</b> Applied to 2012 distributable amount . . . . .				<b>12,720</b>
<b>e</b> Remaining amount distributed out of corpus	<b>134,157</b>			
<b>5</b> Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)	<b>0</b>			
<b>6</b> Enter the net total of each column as indicated below:				
<b>a</b> Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	<b>593,829</b>			
<b>b</b> Prior years' undistributed income. Subtract line 4b from line 2b . . . . .		<b>0</b>		
<b>c</b> Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed . . . . .			<b>0</b>	
<b>d</b> Subtract line 6c from line 6b. Taxable amount—see instructions . . . . .			<b>0</b>	
<b>e</b> Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount—see instructions . . . . .				<b>0</b>
<b>f</b> Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013 . . . . .				
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions) .		<b>0</b>		
<b>8</b> Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions) .	<b>49,378</b>			
<b>9</b> <b>Excess distributions carryover to 2013.</b> Subtract lines 7 and 8 from line 6a . . . . .	<b>544,451</b>			
<b>10</b> Analysis of line 9:				
<b>a</b> Excess from 2008 . . . . .	<b>94,567</b>			
<b>b</b> Excess from 2009 . . . . .	<b>72,798</b>			
<b>c</b> Excess from 2010 . . . . .	<b>101,686</b>			
<b>d</b> Excess from 2011 . . . . .	<b>141,243</b>			
<b>e</b> Excess from 2012 . . . . .	<b>134,157</b>			

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

**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).)

### **See Statement**

**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.

n/a

**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:

**Daniel Mcneil, 2131 Fairview Avenue N, Ste. E Roseville, MN 55113 651-631-1604**

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

**PeaceMaker Minnesota Statement of Interest Form is required to be completed. See webpage at [www.peacemakermn.org](http://www.peacemakermn.org)**

**c Any submission deadlines:**

Can be Submitted anytime

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

**Restricted to Minnesota public and private schools serving grades K-12.**

**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)				
<b>a Paid during the year</b>				
See Attached List				107,420
<b>Total</b>				► 3a 107,420
<b>b Approved for future payment</b>				
<b>Total</b>				► 3b

## Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

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	
<b>1</b>	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
<b>2</b>	Membership dues and assessments					
<b>3</b>	Interest on savings and temporary cash investments					147
<b>4</b>	Dividends and interest from securities					4062
<b>5</b>	Net rental income or (loss) from real estate:					
a	Debt-financed property					
b	Not debt-financed property					
<b>6</b>	Net rental income or (loss) from personal property					
<b>7</b>	Other investment income					
<b>8</b>	Gain or (loss) from sales of assets other than inventory					
<b>9</b>	Net income or (loss) from special events					
<b>10</b>	Gross profit or (loss) from sales of inventory					
<b>11</b>	Other revenue: a					
b						
c						
d						
e						
<b>12</b>	Subtotal. Add columns (b), (d), and (e)					4209

13 Total: Add line 12, columns (b), (d), and (e) (See worksheet in line 13 instructions to verify calculations.)

**Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes**

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.)
N/A	

**Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

	Yes	No
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 . . . . .	1a(1)	✓
(2) Other assets . . . . .	1a(2)	✓
b Other transactions:		
(1) Sales of assets to a noncharitable exempt organization . . . . .	1b(1)	✓
(2) Purchases of assets from a noncharitable exempt organization . . . . .	1b(2)	✓
(3) Rental of facilities, equipment, or other assets . . . . .	1b(3)	✓
(4) Reimbursement arrangements . . . . .	1b(4)	✓
(5) Loans or loan guarantees . . . . .	1b(5)	✓
(6) Performance of services or membership or fundraising solicitations . . . . .	1b(6)	✓
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees . . . . .	1c	✓
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.		

**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

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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.

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Sign  
Here**

Signature of officer or trustee

Date

5/10 Executive Director

---

**Paid  
Preparer  
Use Only**

Print/Type preparer's name

Preparer's signature

Dat

PTM

2457795

## Christine Shanahan

Date

11

**Firm's name** ► **Computer Services**

Firm's EIN: 26-0284037

Firm's name ► Computer Services Firm's EIN ► 26-0264027

firm's address > 6417 Normandy Lane, Suite 203, Madison, WI 53719

Phone No. **808-831-4698**

**Form 990-FR**

**Schedule B**  
(Form 990, 990-EZ,  
or 990-PF)

Department of the Treasury  
Internal Revenue Service

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## Schedule of Contributors

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

OMB No. 1545-0047

2012

Name of the organization  <b>Peacemaker Minnesota</b>	Employer identification number  <b>41-1913867</b>
<b>Organization type (check one):</b>	
<b>Filers of:</b>	<b>Section:</b>
Form 990 or 990-EZ	<input type="checkbox"/> 501(c)( <input type="checkbox"/> 4947(a)(1) nonexempt charitable trust <b>not</b> treated as a private foundation <input type="checkbox"/> 527 political organization
Form 990-PF	<input checked="" type="checkbox"/> 501(c)(3) exempt private foundation <input type="checkbox"/> 4947(a)(1) nonexempt charitable trust treated as a private foundation <input type="checkbox"/> 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).

Name of organization

Employer identification number

**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	Midland Information Systems 2130 Platinum Road Apopka, FL 32703	\$ 5,000.00	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	Missouri River Adolescent Development Center 610 Sagehorn Drive Hartford, SD 57033	\$ 10,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	PTO of Central Middle School 2120 9th Street South East East Grand Forks, MN 56721	\$ 5,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	Pentair Foundation 5500 Wayzata Blvd. Golden Valley, MN 55114	\$ 14,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Employer identification number

**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
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	



PeaceMaker Minnesota

41-1913867

**Schedule – Part I – Line 16b**

Accountant Fees	\$ 750
Payroll Processing & Banking Fees	\$2,565
<b>TOTAL</b>	<b>\$3,315</b>

**Schedule – Part 1 – Line 18**

Payroll Taxes	\$1,748
---------------	---------

**Schedule – Part 1 – Line 23**

Office Supplies	\$ 600
Telephone	\$1,233
Postage	\$1,122
Software	\$1,875
Misc.	\$ 234
<b>TOTAL</b>	<b>\$5,064</b>

**Schedule – Part II – Line 13**

Vanguard Group Investments

**Peace Maker Foundation** 41-1913867  
**Form 990 PF, Part XV** Grants and Contributions Made During 2012 Or Approved For The Future, Page 1

School Name	Street/P.O. Box	City	State	Zip	Foundation Status	Peace Topic	Amount
Avalon Charter School	700 Glendale St	St Paul	MN	55114	Govt. Agency	Peer Mediation	\$660.00
Centennial High School	4707 North St Paul	Circle Pines	MN	55014	Govt. Agency	Bullying Prevention	\$520.00
Central Middle School	1827 Bygland Rd SE	East Grand Forks	MN	56721	Govt. Agency	Conflict Resolution	\$5,000.00
Cowern Elementary	2131 N. Margaret St.	North St Paul	MN	55109	Govt. Agency	Bullying Prevention	\$4,000.00
Dayton Elementary	12000 S Diamond Lake Rd	Dayton	MN	55327	Govt. Agency	Conflict Resolution	\$6,000.00
Echo Park Elementary	14100 County Rd 11	Burnsville	MN	55337-4763	Govt. Agency	Bullying Prevention	\$130.00
Glacier Hills Elementary	3825 Glacier Drive	Eagan	MN	55123	Govt. Agency	Bullying Prevention	\$2,000.00
Great River School	1326 Energy Park Drive	St Paul	MN	55108	Govt. Agency	Bullying Prevention	\$1,420.00
Highview Middleschool	2300 7th St NW	New Brighton	MN	55112	Govt. Agency	Respect / Tolerance	\$2,000.00
Hilltop Elementary	3201 E 68th St	Inver Grove Heights	MN	55876	Govt. Agency	Respect / Tolerance	\$7,000.00
Inver Grove Heights Middle School	8167 Cahill Avenue	Inver Grove Heights	MN	55076	Govt. Agency	Bullying Prevention	\$500.00
Jefferson Elementary	100 James Ave	Mankato	MN	56001	Govt. Agency	Conflict Resolution	\$1,000.00
Kaposia Education Center	1225 First Ave S	South St Paul	MN	55075	Govt. Agency	Conflict Resolution	\$20,000.00
Lake Elmo Elementary	11030 Stillwater Blvd N	Lake Elmo	MN	55042	Govt. Agency	Conflict Resolution	\$1,000.00
Lake Park-Audubon Elementary	Box 338	Audubon	MN	56511	Govt. Agency	Conflict Resolution	\$3,100.00



PeaceMaker Minnesota  
EIN: 41-1913867  
Attachment to Form 3115

**Part II, 12a, the items being changed**

The taxpayer is changing their overall method of accounting from the cash to the accrual method.

**Part II, 12b, the applicant's present method being changed**

The taxpayer's present overall method is the cash method of accounting.

**Part II, 12c, the applicant's proposed method being changed**

The taxpayer proposes to change to the accrual method of accounting

**Part II, 12d, the applicant's present overall method of accounting**

The taxpayer's present overall method is the cash method of accounting.

**Part II, 13**

The taxpayer is an exempt organization that gives Minnesota schools the tools to stop violence and help create safe place for students to learn and develop positive relational skills.

**Part IV, 25 IRC Section 481 adjustments**

December 31, 2011 Accounts Receivable	\$2,799
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# Application for Change in Accounting Method

OMB No 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)		Identification number (see instructions)																	
PeaceMaker Minnesota		41-1913867																	
		Principal business activity code number (see instructions)																	
Number, street, and room or suite no. If a P O box, see the instructions. 2131 Fairview Avenue N, Suite E		Tax year of change begins (MM/DD/YYYY) 01/01/2012 Tax year of change ends (MM/DD/YYYY) 12/31/2012																	
City or town, state, and ZIP code Roseville, MN 55113		Name of contact person (see instructions) Dan McNeil																	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)		Contact person's telephone number 651-285-7087																	
If the applicant is a member of a consolidated group, check this box <input type="checkbox"/>																			
If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box <input type="checkbox"/>																			
<p><b>Check the box to indicate the type of applicant.</b></p> <table border="0"> <tr> <td><input type="checkbox"/> Individual</td> <td><input type="checkbox"/> Cooperative (Sec. 1381)</td> </tr> <tr> <td><input type="checkbox"/> Corporation</td> <td><input type="checkbox"/> Partnership</td> </tr> <tr> <td><input type="checkbox"/> Controlled foreign corporation (Sec. 957)</td> <td><input type="checkbox"/> S corporation</td> </tr> <tr> <td><input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))</td> <td><input type="checkbox"/> Insurance co. (Sec. 816(a))</td> </tr> <tr> <td><input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))</td> <td><input type="checkbox"/> Insurance co. (Sec. 831)</td> </tr> <tr> <td colspan="2"><input checked="" type="checkbox"/> Exempt organization. Enter Code section ► 501(c)(3)</td> </tr> <tr> <td colspan="2"><input type="checkbox"/> Other (specify) ►</td> </tr> </table> <p><b>Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)</b></p> <table border="0"> <tr> <td><input type="checkbox"/> Depreciation or Amortization</td> </tr> <tr> <td><input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions</td> </tr> <tr> <td><input checked="" type="checkbox"/> Other (specify) ► <b>Cash to Accrual</b></td> </tr> </table>			<input type="checkbox"/> Individual	<input type="checkbox"/> Cooperative (Sec. 1381)	<input type="checkbox"/> Corporation	<input type="checkbox"/> Partnership	<input type="checkbox"/> Controlled foreign corporation (Sec. 957)	<input type="checkbox"/> S corporation	<input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))	<input type="checkbox"/> Insurance co. (Sec. 816(a))	<input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))	<input type="checkbox"/> Insurance co. (Sec. 831)	<input checked="" type="checkbox"/> Exempt organization. Enter Code section ► 501(c)(3)		<input type="checkbox"/> Other (specify) ►		<input type="checkbox"/> Depreciation or Amortization	<input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions	<input checked="" type="checkbox"/> Other (specify) ► <b>Cash to Accrual</b>
<input type="checkbox"/> Individual	<input type="checkbox"/> Cooperative (Sec. 1381)																		
<input type="checkbox"/> Corporation	<input type="checkbox"/> Partnership																		
<input type="checkbox"/> Controlled foreign corporation (Sec. 957)	<input type="checkbox"/> S corporation																		
<input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))	<input type="checkbox"/> Insurance co. (Sec. 816(a))																		
<input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))	<input type="checkbox"/> Insurance co. (Sec. 831)																		
<input checked="" type="checkbox"/> Exempt organization. Enter Code section ► 501(c)(3)																			
<input type="checkbox"/> Other (specify) ►																			
<input type="checkbox"/> Depreciation or Amortization																			
<input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions																			
<input checked="" type="checkbox"/> Other (specify) ► <b>Cash to Accrual</b>																			

**Caution.** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

## Part I Information For Automatic Change Request

1 Enter the applicable, designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions.

Yes	No

► (a) Change No. 122 (b) Other  Description ►  
2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation.

Yes	No

**Note.** Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

## Part II Information For All Requests

3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.

4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.

b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?

Yes	No

**Signature (see instructions)**

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

**Filer**

 11/14/13

Signature and date

DAN MCNEIL, Executive Director

Name and title (print or type)

**Preparer (other than filer/applicant)**

Signature of individual preparing the application and date

Name of individual preparing the application (print or type)

Name of firm preparing the application

## Part II Information For All Requests (continued)

**4c** Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?  Yes  No

**d** Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If "Yes," attach the consent statement from the director.  Yes  No

**e** Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If "Yes," check the box for the applicable window period and attach the required statement (see instructions).  90 day  120 day: Date examination ended ► \_\_\_\_\_

**f** If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ► \_\_\_\_\_ Telephone number ► \_\_\_\_\_ Tax year(s) ► \_\_\_\_\_

**g** Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?  Yes  No

**5a** Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box)  Appeals officer and/or  counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court. Name ► \_\_\_\_\_ Telephone number ► \_\_\_\_\_ Tax year(s) ► \_\_\_\_\_

**b** Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?  Yes  No

**c** Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If "Yes," attach an explanation.  Yes  No

**6** If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.  Yes  No

**7** If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is **not** eligible to make the change.  Yes  No

**8a** Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?  Yes  No

**b** If "Yes," attach an explanation.  Yes  No

**9a** Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?  Yes  No

**b** If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.  Yes  No

**c** If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.  Yes  No

**10a** Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?  Yes  No

**b** If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).  Yes  No

**11** Is the applicant requesting to change its **overall** method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.

Present method:  Cash  Accrual  Hybrid (attach description)

Proposed method:  Cash  Accrual  Hybrid (attach description)

<b>Part II Information For All Requests (continued)</b>		<b>Yes</b>	<b>No</b>		
<b>12</b>	If the applicant is either (i) not changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following:				
a	The item(s) being changed.				
b	The applicant's present method for the item(s) being changed.				
c	The applicant's proposed method for the item(s) being changed.				
d	The applicant's present overall method of accounting (cash, accrual, or hybrid).				
<b>13</b>	Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.				
<b>14</b>	Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions If "No," attach an explanation.	✓			
<b>15a</b>	Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)?		✓		
b	If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.				
<b>16</b>	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response?		✓		
<b>17</b>	If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.				
1st preceding year ended mo	12 yr 2011	2nd preceding year ended mo	12 yr 2010	3rd preceding year ended mo	12 yr 2009
\$	163,878	\$	128,538	\$	109,417
<b>Part III Information For Advance Consent Request</b>		<b>Yes</b>	<b>No</b>		
<b>18</b>	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.		✓		
<b>19</b>	Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.				
<b>20</b>	Attach a copy of all documents related to the proposed change (see instructions).				
<b>21</b>	Attach a statement of the applicant's reasons for the proposed change.				
<b>22</b>	If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If "No," attach an explanation.		✓		
<b>23a</b>	Enter the amount of user fee attached to this application (see instructions). ► \$				
b	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).				
<b>Part IV Section 481(a) Adjustment</b>		<b>Yes</b>	<b>No</b>		
<b>24</b>	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? If "Yes," do not complete lines 25, 26, and 27 below.		✓		
<b>25</b>	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ 2,799 Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.				

Part IV	Section 481(a) Adjustment (continued)	Yes	No
26	If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change?	✓	
27	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.		✓

### Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)

Part I	Change in Overall Method (see instructions)	Amount
1	Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.	\$ 2,799
a	Income accrued but not received (such as accounts receivable)	None
b	Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method	None
c	Expenses accrued but not paid (such as accounts payable)	None
d	Prepaid expenses previously deducted	None
e	Supplies on hand previously deducted and/or not previously reported	None
f	Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II	None
g	Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ►	None
h	Net section 481(a) adjustment (Combine lines 1a–1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25.	\$ 2,799

2 Is the applicant also requesting the recurring item exception under section 461(h)(3)?  Yes  No

3 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

### Part II Change to the Cash Method For Advance Consent Request (see instructions)

Applicants requesting a change to the cash method must attach the following information:

- 1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- 2 An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

### Schedule B—Change to the Deferral Method for Advance Payments (see instructions)

- 1 If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
  - a A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
  - b If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
  - c If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- 2 If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following:
  - a A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
  - b A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
  - c A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
  - d A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C—Changes Within the LIFO Inventory Method (see instructions)****Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all Forms 970, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a Valuing inventory (e.g., unit method or dollar-value method).
  - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

**Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)**

**Part I Change in Reporting Income From Long-Term Contracts** (Also complete Part III on pages 7 and 8.)

1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.

2a Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)? . . .  Yes  No

b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)? . . .  Yes  No  
If line 2b is "No," attach an explanation.

c If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)? . . . . .  Yes  No

d If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)? . . . . .  
If line 2d is "Yes," attach an explanation of what cost comparison the applicant will use to determine a contract's completion factor.  
If line 2d is "No," attach an explanation of what method the applicant is using and the authority for its use.

3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)? . . . . .  Yes  No

b If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.

c Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.

4 To determine a contract's completion factor using the percentage-of-completion method:

a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)? . . . . .  Yes  No

b If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))? . . . . .  Yes  No

5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

**Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)**

1	Attach a description of the inventory goods being changed.		
2	Attach a description of the inventory goods (if any) NOT being changed.		
3a	Is the applicant subject to section 263A? If "No," go to line 4a	<input type="checkbox"/> Yes <input type="checkbox"/> No	
b	Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? If "No," attach a detailed explanation	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4a	Check the appropriate boxes below.		
Identification methods:			
Specific identification . . . . .			
FIFO . . . . .			
LIFO . . . . .			
Other (attach explanation) . . . . .			
Valuation methods:			
Cost . . . . .			
Cost or market, whichever is lower . . . . .			
Retail cost . . . . .			
Retail, lower of cost or market . . . . .			
Other (attach explanation) . . . . .			
b	Enter the value at the end of the tax year preceding the year of change		
5	If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).		
a	Copies of Form(s) 970 filed to adopt or expand the use of the method.		
b	<b>Only for applicants requesting advance consent.</b> A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.		
c	<b>Only for applicants requesting an automatic change.</b> The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).		

**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A—Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs' property allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B—Direct and Indirect Costs Required To Be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

**Part III Method of Cost Allocation (see instructions) (continued)**

**Section C—Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses		
2 Research and experimental expenses not included in Section B, line 26		
3 Bidding expenses not included in Section B, line 22		
4 General and administrative costs not included in Section B		
5 Income taxes		
6 Cost of strikes		
7 Warranty and product liability costs		
8 Section 179 costs		
9 On-site storage		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11		
11 Other costs (Attach a list of these costs.)		

**Schedule E—Change in Depreciation or Amortization (see instructions)**

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

**Note.** See the *List of Automatic Accounting Method Changes* in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. **Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).**

1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? . . . . .  Yes  No  
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).

2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? . . . . .  Yes  No  
If "Yes," enter the applicable section ►

3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)? . . . . .  Yes  No  
If "Yes," state the election made ►

4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.  
b If the property is residential rental property, did the applicant live in the property before renting it? . . . . .  Yes  No  
c Is the property public utility property? . . . . .  Yes  No

5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).

6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.

7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:  
a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).  
b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.  
c The facts to support the asset class for the proposed method.  
d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).  
e The useful life, recovery period, or amortization period of the property.  
f The applicable convention of the property.  
g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.