



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



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

2012Department of the Treasury
Internal Revenue Service**Note.** The foundation may be able to use a copy of this return to satisfy state reporting requirements**For calendar year 2012, or tax year beginning , 2012, and ending**

Name of foundation ARTHUR W & AUDREY F SMITH FOUNDATION		A Employer identification number 42-1411511
Number and street (or P O box number if mail is not delivered to street address) 100 EAST STATE STREET		B Telephone number (see the instructions) (641) 423-2457
City or town MASON CITY	State IA	ZIP code 50401
G Check all that apply <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Initial Return of a former public charity <input type="checkbox"/> Amended return <input type="checkbox"/> Name change		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization <input checked="" 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		D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ 990,074.	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	
E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>		
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>		

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 (att sch)				
	2 <input checked="" type="checkbox"/> If the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	25,368.	25,367.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		53,688.		
	8 Net short-term capital gain			12,490.	
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit/(loss) (att sch)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	25,368.	79,055.	12,490.		
ADMINISTRATIVE EXPENSES	13 Compensation of officers, directors, trustees, etc	11,710.	5,855.	0.	5,855.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach sch)	815.	408.	0.	407.
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule) (see instrs) See Line 18 Stmt	502.	0.	0.	0.
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications	30.	0.	0.	0.
	23 Other expenses (attach schedule)				
	INVESTMENT EXPENSES	946.	0.	0.	0.
	24 Total operating and administrative expenses. Add lines 13 through 23	14,003.	6,263.	0.	6,262.
25 Contributions, gifts, grants paid	47,000.			47,000.	
26 Total expenses and disbursements. Add lines 24 and 25	61,003.	6,263.	0.	53,262.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-35,635.				
b Net investment income (if negative, enter -0-)		72,792.			
c Adjusted net income (if negative, enter -0-)			12,490.		

SCANNED MAY 29 2013

19

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
				(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1	Cash — non-interest-bearing				
	2	Savings and temporary cash investments		69,731.	85,175.	85,175.
	3	Accounts receivable				
		Less: allowance for doubtful accounts				
	4	Pledges receivable				
		Less: allowance for doubtful accounts				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7	Other notes and loans receivable (attach sch)				
		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) L-10a Stmt			20,446.	20,182.
	b	Investments — corporate stock (attach schedule)				
	c	Investments — corporate bonds (attach schedule) L-10c Stmt		323,654.	148,891.	165,108.
	11	Investments — land, buildings, and equipment: basis				
	Less: accumulated depreciation (attach schedule)					
12	Investments — mortgage loans					
13	Investments — other (attach schedule) L-13 Stmt		479,889.	636,820.	719,609.	
14	Land, buildings, and equipment: basis					
	Less: accumulated depreciation (attach schedule)					
15	Other assets (describe L-15 Stmt)		-780.	-785.	0.	
16	Total assets (to be completed by all filers — see the instructions. Also, see page 1, item I)		872,494.	890,547.	990,074.	
LIABILITIES	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe)				
	23	Total liabilities (add lines 17 through 22)				
NET FUND ASSETS OR 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.			X		
	27	Capital stock, trust principal, or current funds		596,063.	596,063.	
	28	Paid-in or capital surplus, or land, building, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds		276,431.	294,484.	
	30	Total net assets or fund balances (see instructions)		872,494.	890,547.	
	31	Total liabilities and net assets/fund balances (see instructions)		872,494.	890,547.	

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	872,494.
2	Enter amount from Part I, line 27a	2	-35,635.
3	Other increases not included in line 2 (itemize) CAPITAL GAIN	3	53,688.
4	Add lines 1, 2, and 3	4	890,547.
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	890,547.

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 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a TWEEDY BROWNE GLOBAL VALUE	P	09/15/11	12/31/12
b CAPITAL GAIN DIVIDENDS	P	Various	12/31/12
c BOEING CO BOND	P	11/18/09	11/20/12
d DIAMOND HILL LONG-SHORT FD	P	06/02/08	04/23/12
e See Columns (a) thru (d)			

(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 2,000.		1,748.	252.
b 7,344.		0.	7,344.
c 50,000.		49,990.	10.
d 4,000.		4,279.	-279.
e See Columns (e) thru (h)		384,642.	46,361.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			252.
b 0.	0.	0.	7,344.
c			10.
d			-279.
e See Columns (i) thru (l)			46,361.

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	53,688.
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	12,490.

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 (column (b) divided by column (c))
2011	55,904.	965,711.	0.057889
2010	54,052.	927,895.	0.058252
2009	50,036.	887,201.	0.056398
2008	60,719.	975,544.	0.062241
2007	39,955.	1,013,665.	0.039416

2 Total of line 1, column (d)	2	0.274196
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	0.054839
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	938,268.
5 Multiply line 4 by line 3	5	51,454.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	728.
7 Add lines 5 and 6	7	52,182.
8 Enter qualifying distributions from Part XII, line 4	8	53,262.

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

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

1 a 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 instrs)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	728.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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	728.
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	728.
6 Credits/Payments:			
a 2012 estimated tax pmts and 2011 overpayment credited to 2012	6 a	330.	
b Exempt foreign organizations – tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 8868)	6 c		
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments. Add lines 6a through 6d	7	330.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	398.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	0.	
11 Enter the amount of line 10 to be: Credited to 2013 estimated tax <input type="checkbox"/> Refunded <input checked="" type="checkbox"/>	11		

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation \$ _____ (2) On foundation managers \$ _____		X
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ _____		X
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XIV</i>	X	
8 a 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? <i>If 'No,' attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

BAA

Form 990-PF (2012)

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address <u>N/A</u>	13	X	
14	The books are in care of <u>COMMUNITY NATIONAL BANK</u> Telephone no <u>(641) 423-2457</u> Located at <u>100 EAST STATE ST</u> <u>MASON CITY</u> <u>IA</u> ZIP + 4 <u>50401</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>			
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	Yes	No
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country			X

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

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

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

BAA

Form 990-PF (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

(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)?

5 b

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?

6 b

X

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

7 b

b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction?**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
WELLS FARGO IOWA NA 1919 DOUGLAS ST OMAHA NE 68102	TRUSTEE 1.00	10,979.	0.	0.
COMMUNITY NATIONAL BANK 100 EAST STATE ST MASON CITY IA 50401	TRUSTEE 1.00	731.	0.	0.

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

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

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

None

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		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.

	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 instructions.	
3	
Total. Add lines 1 through 3.	

BAA

Form 990-PF (2012)

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	1 a	875,495.
b Average of monthly cash balances	1 b	77,061.
c Fair market value of all other assets (see instructions)	1 c	0.
d Total (add lines 1a, b, and c)	1 d	952,556.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	
2 Acquisition indebtedness applicable to line 1 assets	2	
3 Subtract line 2 from line 1d	3	952,556.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	14,288.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	938,268.
6 Minimum investment return. Enter 5% of line 5	6	46,913.

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	46,913.
2 a Tax on investment income for 2012 from Part VI, line 5	2 a	728.
b Income tax for 2012 (This does not include the tax from Part VI)	2 b	
c Add lines 2a and 2b	2 c	728.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	46,185.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	46,185.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted. Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	46,185.

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	1 a	53,262.
b Program-related investments — total from Part IX-B	1 b	
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)	3 a	
b Cash distribution test (attach the required schedule)	3 b	
4 Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	53,262.
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	728.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	52,534.

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				46,185.
2 Undistributed income, if any, as of the end of 2012:				
a Enter amount for 2011 only			0.	
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2012.				
a From 2007				0.
b From 2008				12,504.
c From 2009				6,166.
d From 2010				8,205.
e From 2011				8,208.
f Total of lines 3a through e				35,083.
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ \$ 53,262.				
a Applied to 2011, but not more than line 2a				
b Applied to undistributed income of prior years (Election required — see instructions)				
c Treated as distributions out of corpus (Election required — see instructions).				
d Applied to 2012 distributable amount				46,185.
e Remaining amount distributed out of corpus				7,077.
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				42,160.
b Prior years' undistributed income Subtract line 4b from line 2b			0.	
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount — see instructions			0.	
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount — see instructions			0.	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)		0.		
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a		42,160.		
10 Analysis of line 9.				
a Excess from 2008				12,504.
b Excess from 2009				6,166.
c Excess from 2010				8,205.
d Excess from 2011				8,208.
e Excess from 2012				7,077.

BAA

Form 990-PF (2012)

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

N/A

- 1 a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling _____.

- b** Check box to indicate whether the foundation is a private operating foundation described in section

4942(i)(3) or

4942(1)(5)

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

b 85% of line 2a

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

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

- e** Qualifying distributions made directly for active conduct of exempt activities
Subtract line 2d from line 2c

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

- a 'Assets' alternative test – enter:**

- (1) Value of all assets**

- (2) Value of assets qualifying under section 4942(i)(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(i)(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 foundation had \$5,000 or more in assets at any time during the year – see instructions.)

1 Information Regarding Foundation Managers:

- a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

NONE

- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

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

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

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

ARTHUR W SMITH & AUDREY F SMITH FOUNDATION

100 EAST STATE STREET

MASON CITY

IA 50401

(641) 423-2457

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

NO PRESCRIBED FORM IS USED ONLY A LETTER OF REQUEST IS REQUIRED.

- c Any submission deadlines

NONE

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

PROJECTS SHOULD BE DESIGNED TO BENEFIT THE EMMETSBURG COMMUNITY AND PALO ALTO COUNTY

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
FIVE ISLAND COMMUNITY CENTER 2021 MAIN STREET EMMETSBURG IA 50536	NONE	EXEMPT	BUILDING PROJECTS	25,000.
EMMETSBURG E-HAWK FLAG FOOTBALL 2101 - 10TH STREET EMMETSBURG IA 50536	NONE	EXEMPT	EQUIPMENT	1,000.
FIVE ISLAND BIKE TRAIL 2216 MAIN STREET EMMETSBURG IA 50536	NONE	EXEMPT	BIKE PATH CONSTRUCTION	15,000.
MULTIPURPOSE CENTER 2008 11TH STREET EMMETSBURG IA 50536	NONE	EXEMPT	WALL INSULATION	1,000.
EMMETSBURG SCHOOLS SCHOLARSHIP FDN 205 KING STREET EMMETSBURG IA 50536	NONE	FOUNDATION	EDUCATION - SCHOLARSHIPS	5,000.
Total			3 a	47,000.
b Approved for future payment				
Total			3 b	

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) Exclu- sion 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						
4	Dividends and interest from securities			18	25,368.		
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	53,688.		
9	Net income or (loss) from special events						
10	Gross profit or (loss) from sales of inventory						
11	Other revenue:						
a							
b							
c							
d							
e							
12	Subtotal. Add columns (b), (d), and (e)				79,056.		
13	Total. Add line 12, columns (b), (d), and (e)					13	79,056.

(See worksheet in line 13 instructions to verify calculations.)

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

[illegible]

Form 990-PF, Page 1, Part I, Line 18

Line 18 Stmt

Taxes	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
FEDERAL EXCISE TAX	345.	0.	0.	0.
FOREIGN TAX	157.	0.	0.	0.
Total	502.	0.	0.	0.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income

Columns (a) thru (d)

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)	(b) How acquired P – Purchase D – Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
DODGE & COX STOCK FUND	P	03/27/12	05/22/12
DODGE & COX STOCK FUND	P	05/14/04	05/22/12
EII INTERNATIONAL	P	05/05/11	10/09/12
EII INTERNATIONAL	P	09/15/11	10/09/12
EII INTERNATIONAL	P	02/01/12	10/09/12
EII INTERNATIONAL	P	05/22/12	10/09/12
FIRST EAGLE OVERSEAS	P	02/01/12	10/09/12
JP MORGAN MIDCAP VALUE	P	05/14/04	10/09/12
GENERAL ELECTRIC	P	01/23/03	02/01/12
HUSSMAN STRATEGIC GROWTH FD	P	02/26/07	02/01/12
IVY ASSET STRATEGY FUND	P	02/01/12	10/09/12
JP MORGAN US L/C CORE PLUS	P	02/19/09	10/09/12
JP MORGAN US L/C CORE PLUS	P	06/19/09	10/09/12
ORACLE CORP	P	04/02/08	04/23/12
PIMCO FOREIGN BOND FUND	P	02/01/12	10/09/12
PIMCO COMMODITY REAL RET STRATEGY FD	P	06/19/09	02/01/12
T ROWE PRICE INST EM MKT EQ FD	P	09/15/11	10/09/12
T ROWE PRICE INST EM MKT EQ FD	P	02/01/12	10/09/12
T ROWE PRICE INST EM MKT EQ FD	P	02/24/10	10/09/12
T ROWE PRICE INST EM MKT EQ FD	P	05/22/12	10/09/12
TEMPLETON GLOBAL BOND FUND	P	06/02/08	02/01/12
UNOITED TECHNOLOGIES	P	12/04/07	05/22/12
WF ADV CAPITAL GROWTH FD	P	03/06/07	10/09/12
WF ADV CAPITAL GROWTH FD	P	06/19/09	10/09/12
WF ADV CAPITAL GROWTH FD	P	12/14/07	10/09/12
WF ADV CAPITAL GROWTH FD	P	12/12/08	10/09/12
WF ADV SHORT TERM BOND FD	P	09/23/05	10/09/12
WF ADV SHORT TERM BOND FD	P	02/01/12	10/09/12

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income

Columns (e) thru (h)

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
774.		794.	-20.
7,226.		7,075.	151.
13,857.		15,000.	-1,143.

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

Continued

(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)
2,768.		2,500.	268.
9,195.		8,000.	1,195.
5,797.		5,000.	797.
20,704.		20,000.	704.
26,783.		19,027.	7,756.
52,135.		49,921.	2,214.
18,543.		23,887.	-5,344.
15,425.		15,000.	425.
5,471.		5,000.	471.
31,584.		20,000.	11,584.
30,464.		24,988.	5,476.
15,885.		15,000.	885.
13,106.		13,807.	-701.
5,272.		5,000.	272.
10,166.		10,000.	166.
13,754.		12,000.	1,754.
8,954.		8,000.	954.
15,000.		13,402.	1,598.
59,672.		49,904.	9,768.
15,371.		15,000.	371.
16,141.		10,000.	6,141.
814.		880.	-66.
834.		457.	377.
10,268.		10,000.	268.
5,040.		5,000.	40.
Total		384,642.	46,361.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income
Columns (i) thru (l)Complete only for assets showing gain in column (h) and owned
by the foundation on 12/31/69

(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (column (h) gain minus column (k), but not less than -0-) or losses (from column (h))
			-20.
			151.
			-1,143.
			268.
			1,195.
			797.
			704.
			7,756.
			2,214.
			-5,344.
			425.
			471.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income

Continued

Columns (i) thru (l)

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

(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (column (h) gain minus column (k), but not less than -0-) or losses (from column (h))
			11,584.
			5,476.
			885.
			-701.
			272.
			166.
			1,754.
			954.
			1,598.
			9,768.
			371.
			6,141.
			-66.
			377.
			268.
			40.
Total			46,361.

Form 990-PF, Page 2, Part II, Line 10a

L-10a Stmt

Line 10a - Investments - US and State Government Obligations:	End of Year		End of Year	
	State and Local Obligations Book Value	State and Local Obligations FMV	US Government Obligations Book Value	US Government Obligations FMV
FED HOME LOAN MORT CORP				
			20,446.	20,182.
Total			20,446.	20,182.

Form 990-PF, Page 2, Part II, Line 10c

L- 10c Stmt

Line 10c - Investments - Corporate Bonds:	End of Year	
	Book Value	Fair Market Value
AT&T INC		
	30,080.	35,463.
BHP BILLITON		
	32,066.	31,401.
ORACLE GROUP		
	24,988.	30,252.
PITNEY BOWES INC		
	31,154.	31,664.
STATOILHYDRO ASA		
	30,603.	36,328.
Total		148,891. 165,108.

Form 990-PF, Page 2, Part II, Line 13

L-13 Stmt

Line 13 - Investments - Other:	End of Year	
	Book Value	Fair Market Value
DIAMOND HILL LONG-SHORT FD	45,722.	49,248.
DIVIDEND CAPITAL DIVERSIFIED PROPERTY FD	22,626.	17,747.
DODGE & COX INTL STOCK FUND	33,000.	45,340.
DODGE & COX STOCK FUND	38,406.	56,823.
ELEMENTS ROGERS INTL COMMODITY ETN	26,607.	24,960.
FEDERATED STRAT VALUE DIVIDEND FD	25,000.	31,086.
ISHARES BARCLAY TIPS	13,020.	15,686.
ISHARES COMEX GOLD TRUST	14,200.	11,280.
ISHARES CORE S&P 500 ETF	185,243.	208,130.
MERGER FUND	15,000.	15,317.
PIMCO EMERGING MARKETS BOND FD	25,000.	28,869.
PIMCO HIGH YIELD FUND	15,000.	16,761.
POWERSHARES GLOBAL LISTED PRIVATE EQUITY	13,545.	17,745.
PRINCIPAL INV REAL ESTATE SEC FD	10,000.	12,417.
PRINCIPAL PREFERRED SECURITIES FD	15,000.	17,398.
ROYCE PENNSYLVANIA MUTUAL FD	15,724.	21,087.
TEMPLETON GLOBAL BOND FD	30,475.	35,963.
TWEEDY BROWNE GLOBAL VALUE FD	13,252.	15,657.
VANGUARD INTERMEDIATE TERM	80,000.	78,095.
Total	636,820.	719,609.

Form 990-PF, Page 2, Part II, Line 15

Other Assets Stmt

Line 15 - Other Assets:	Beginning Year Book Value	End of Year	
		Book Value	Fair Market Value
ACCRUED DIVIDENDS	-780.	-785.	0.
Total	-780.	-785.	0.