Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2012

Open to public Inspection

For calendar year 2012 or tax year beginning , and ending

Name of foundation: Colonial Foundation, Inc.

A Employer identification number: 58-1693323

Number and street (or P O box number if mail is not delivered to street address): P.O. Box 576 Room/suite

B Telephone number: (912)236-1331

City or town, state, and ZIP code: Savannah, GA 31402-0576

C If exemption application is pending, check here ▶ ☐

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

D 1. Foreign organizations, check here ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 6,925,641.

J Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis.)*

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

Part I **Analysis of Revenue and Expenses** (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)

	Line	(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				
	2 Check ▶ ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	136,340.	136,340.	136,340.	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	372,372.			
	b Gross sales price for all assets on line 6a 1,161,018.				
	7 Capital gain net income (from Part IV, line 2)		372,372.		
	8 Net short-term capital gain			N/A	
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income	<8,728.>	<8,728.>	<8,728.>	Statement 1
	12 **Total.** Add lines 1 through 11	499,984.	499,984.	127,612.	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.	0.	0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees				
	c Other professional fees Stmt 2	35,365.	35,365.	0.	0.
	17 Interest				
	18 Taxes Stmt 3	9,292.	0.	0.	0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses Stmt 4	174.	0.	0.	0.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	44,831.	35,365.	0.	0.
	25 Contributions, gifts, grants paid	951,730.			951,730.
	26 **Total expenses and disbursements.** Add lines 24 and 25	996,561.	35,365.	0.	951,730.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	<496,577.>			
	b **Net investment income** (if negative, enter -0-)		464,619.		
	c **Adjusted net income** (if negative, enter -0-)			127,612.	

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Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	71,349.	38,205.	38,205.
	2 Savings and temporary cash investments	417,164.	318,555.	318,555.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock Stmt 5	4,479,380.	4,181,603.	5,636,610.
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other Stmt 6	990,902.	932,271.	932,271.
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers)	5,958,795.	5,470,634.	6,925,641.
Liabilities	17 Accounts payable and accrued expenses	876.	9,292.	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	876.	9,292.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	5,957,919.	5,461,342.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	0.	0.	
	30 **Total net assets or fund balances**	5,957,919.	5,461,342.	
	31 **Total liabilities and net assets/fund balances**	5,958,795.	5,470,634.	

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	5,957,919.
2 Enter amount from Part I, line 27a	2	<496,577.>
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	5,461,342.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	5,461,342.

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	Please See Attached	P		
b	South Coast Group I, LLC	P		
c	South Coast Group II, LLC	P		
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	1,122,221.		788,646.	333,575.
b	19,972.			19,972.
c	18,825.			18,825.
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				333,575.
b				19,972.
c				18,825.
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** 372,372.

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8 **3** 372,372.

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	1,294,285.	7,726,976.	.167502
2010	1,343,145.	7,591,218.	.176934
2009	1,268,500.	4,913,854.	.258148
2008	956,434.	6,875,930.	.139099
2007	947,906.	7,012,681.	.135170

2	**Total** of line 1, column (d)	2	.876853
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	.175371
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	7,275,461.
5	Multiply line 4 by line 3	5	1,275,905.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	4,646.
7	Add lines 5 and 6	7	1,280,551.
8	Enter qualifying distributions from Part XII, line 4	8	951,730.

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

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

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ________ **(attach copy of letter if necessary-see instructions)**				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b			1	9,292.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			2	0.
3 Add lines 1 and 2			3	9,292.
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	9,292.
6 Credits/Payments:				
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a			
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c			
d Backup withholding erroneously withheld	6d			
7 Total credits and payments. Add lines 6a through 6d			7	0.
8 Enter any **penalty** for underpayment of estimated tax. Check here [X] if Form 2220 is attached			8	20.
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	9,312.
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	
11 Enter the amount of line 10 to be: **Credited to 2013 estimated tax** ▶		**Refunded** ▶	11	

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?	1b		X
*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ 0. **(2)** On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		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?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ GA			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities *(continued)*

		Line	Yes	No
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?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ F. A. Brown Telephone no. ▶ 912-236-1331

Located at ▶ 101 North Lathrop Ave., Savannah, GA ZIP+4 ▶ 31401

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

		Line	Yes	No
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		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

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

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

			Line	Yes	No
1a	During the year did the foundation (either directly or indirectly):				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?		1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):				
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012?	☐ Yes ☒ No			
	If "Yes," list the years ▶ ______, ______, ______, ______				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.)	N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ______, ______, ______, ______				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☒ Yes ☐ No			
b	If "Yes," did it have excess business holdings in 2012 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.)*		3b		X
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?		4b		X

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

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? N/A | 5b |

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 6b | | X (No)

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

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A | 7b |

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
R. H. Demere, Jr. 101 N. Lathrop Ave. Savannah, GA 31401	President; Secretary 0.25	0.	0.	0.
F. A. Brown 101 N. Lathrop Ave. Savannah, GA 31401	V. P. Finance; Treasurer 0.25	0.	0.	0.
W. A. Baker, Jr. 101 N. Lathrop Ave. Savannah, GA 31401	Vice President 0.25	0.	0.	0.

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

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

Total number of other employees paid over $50,000 ▶ 0

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

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

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over $50,000 for professional services ▶ 0

Part IX-A **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 Contributed financial support to organizations that were organized as non-profit organizations under Sec. 501(c)3.	0.
2	
3	
4	

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3 ▶	0.

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	6,430,683.
b	Average of monthly cash balances	1b	23,301.
c	Fair market value of all other assets	1c	932,271.
d	**Total** (add lines 1a, b, and c)	1d	7,386,255.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	7,386,255.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	110,794.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	7,275,461.
6	**Minimum investment return.** Enter 5% of line 5	6	363,773.

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	363,773.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	9,292.		
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b			
c	Add lines 2a and 2b			2c	9,292.
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	354,481.
4	Recoveries of amounts treated as qualifying distributions			4	0.
5	Add lines 3 and 4			5	354,481.
6	Deduction from distributable amount (see instructions)			6	0.
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1			7	354,481.

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	951,730.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	951,730.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	951,730.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				354,481.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			0.	
b Total for prior years: _____, _____, _____		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007 598,854.				
b From 2008 614,647.				
c From 2009 1,024,769.				
d From 2010 967,606.				
e From 2011 909,688.				
f **Total** of lines 3a through e	4,115,564.			
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ $ 951,730.				
a Applied to 2011, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2012 distributable amount				354,481.
e Remaining amount distributed out of corpus	597,249.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	4,712,813.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7	598,854.			
9 **Excess distributions carryover to 2013.** Subtract lines 7 and 8 from line 6a	4,113,959.			
10 Analysis of line 9:				
a Excess from 2008 614,647.				
b Excess from 2009 1,024,769.				
c Excess from 2010 967,606.				
d Excess from 2011 909,688.				
e Excess from 2012 597,249.				

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

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

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

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

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:

F. A. Brown, 912-236-1331
101 North Lathrop Avenue, Savannah, GA 31415

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

Letter and copy of IRS letter granting tax exempt status under 501(c)(3)

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:

None

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				
Please See Attached	None			951,730.
Total			▶ 3a	951,730.
b Approved for future payment				
None				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	136,340.	
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			16	<8,728.>	
8 Gain or (loss) from sales of assets other than inventory			18	372,372.	
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)		0.		499,984.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 499,984.

(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).

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)		X
	(2) Other assets	1a(2)		X
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

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

b If "Yes," complete the following schedule.

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

Sign Here

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

[signature] 4-22-2013 ▶ VP & Treasurer

Signature of officer or trustee | Date | Title

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

223622
12-05-12

Colonial Foundation, Inc. 58-1693323

Form 990-PF	Other Income	Statement 1

Description	(a) Revenue Per Books	(b) Net Invest-ment Income	(c) Adjusted Net Income
Interest	1,924.	1,924.	1,924.
Rent	<9,350.>	<9,350.>	<9,350.>
Other	<1,302.>	<1,302.>	<1,302.>
Total to Form 990-PF, Part I, line 11	<8,728.>	<8,728.>	<8,728.>

Form 990-PF	Other Professional Fees	Statement 2

Description	(a) Expenses Per Books	(b) Net Invest-ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Investment fees	35,365.	35,365.	0.	0.
To Form 990-PF, Pg 1, ln 16c	35,365.	35,365.	0.	0.

Form 990-PF	Taxes	Statement 3

Description	(a) Expenses Per Books	(b) Net Invest-ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Excise Tax	9,292.	0.	0.	0.
To Form 990-PF, Pg 1, ln 18	9,292.	0.	0.	0.

Form 990-PF	Other Expenses	Statement 4

Description	(a) Expenses Per Books	(b) Net Invest-ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Miscellaneous	174.	0.	0.	0.
To Form 990-PF, Pg 1, ln 23	174.	0.	0.	0.

Form 990-PF	Corporate Stock	Statement 5

Description	Book Value	Fair Market Value
	4,181,603.	5,636,610.
Total to Form 990-PF, Part II, line 10b	4,181,603.	5,636,610.

Form 990-PF	Other Investments	Statement 6

Description	Valuation Method	Book Value	Fair Market Value
	COST	932,271.	932,271.
Total to Form 990-PF, Part II, line 13		932,271.	932,271.

COLONIAL FOUNDATION, INC.

CONTRIBUTIONS PAID IN 2012

FEI 58-1693323

ORGANIZATION	Reference	Contribution
MUSC Children's Hospital Fund		1,000.00
Junior Achievement	Matching Gift	250.00
American Diabetes Association	Matching Gift	865.00
Joslin Diabetes	Matching Gift	200.00
Savannah Country Day School	Matching Gift	500.00
Benedictine Military School	Auction	1,000.00
MedBank Foundation	Spring Fundraiser	5,000.00
Matthew Reardon Center	Spring Speaker Event	1,000.00
Methodist Children's Home	Matching Gift	500.00
Leukemia Lymphoma Society	Regatta	5,000.00
Salvation Army	Matching Gift	250.00
Hospice Savannah	Matching Gift	100.00
Methodist Home	Matching Gift	400.00
March of Dimes	Martek (2012)	250.00
Hospice Savannah	Golf Tournament	1,500.00
Abilities Unlimited	Matching Gift	1,000.00
Boys and Girls of the Lowcountry	General Fund	5,000.00
Senior Citizens Inc.	General Fund	2,000.00
CrimeStoppers of Savannah	2012 Gala	1,000.00
Two Hundred Club	Savannah Mile	5,000.00
American Cancer Society	Relay for Life	500.00
Interfaith Hospitality Network	General Fund	2,000.00
Mission Milby CDC	Matching Gift	500.00
St. Andrews School	Annual Fund	7,500.00
MDA	HOG Dance	250.00
Texas Tech Foundation	Matching Gift	100.00
Horizons Savannah	Annual Fund	5,000.00
Historic Savannah Foundation	Gala, Membership	3,000.00
Communities in Schools	General Fund	1,000.00

Girl Scouts of San Jacinto	Matching Gift	100.00
GA Tech Foundation	Matching Gift	100.00
March of Dimes	Martek Golf (2013)	250.00
Old Savannah City Mission	Calendar Fundraiser	2,000.00
Savannah Tree Foundation		1,000.00
Benjamin Wyatt Burris Found.	Matching Gift	1,000.00
Mighty Eighth Air Force Museum	Blue Jeans BBQ	5,000.00
Leukemia & Lymphoma Society	Golf Tournament	750.00
Savannah Music Festival	Matching Gift	1,000.00
May Howard PTA	Matching Gift	100.00
Big Brothers Big Sisters	Matching Gift	100.00
American Foundation for Suicide Prevention		100.00
Memorial Middle School PTA	Matching Gift	100.00
America's Second Harvest	Pledge	50,000.00
America's Second Harvest	Operating Fund	1,000.00
Coastal Heritage Society	Pledge	100,000.00
Coastal Heritage Society	Membership	365.00
Children's Museum of Alabama	Pledge	50,000.00
Georgia Council on Economic Ed Education	Pledge	1,000.00
Georgia Historical Society	Pledge	20,000.00
Nature Conservancy - Georgia	Pledge	30,000.00
Nature Conservancy - Georgia	Membership	2,500.00
Salvation Army	Pledge	25,000.00
Salvation Army	General Fund	2,000.00
St. Joseph's /Candler Foundation	Pledge	100,000.00
Savannah Country Day School	Pledge	100,000.00
Savannah Country Day School	Annual Fund	10,000.00
Union Mission	Pledge	25,000.00
Telfair Museum of Art	Pledge	200,000.00
Telfair Museum of Art	Membership	1,500.00
Abilities Unlimited	General Fund	3,000.00
American Traditions Competition		5,000.00
WBOB Resolution Race	(Bethesda)	1,000.00
Savannah Science Museum	Caretta Research	1,000.00

Chatham Savannah Citizen Adv.	General Fund	1,500.00
Friends of the Davenport House	General Fund	500.00
GA Independent College Assoc.	General Fund	3,000.00
Hospice Savannah	General Fund	1,000.00
Junior Achievement	2012 Event	11,750.00
Kenny Grant Ministries	General Fund	5,000.00
MedBank Foundation	2013 Fundraiser	5,000.00
Ricky McAllaster Foundation	General Fund	1,000.00
Royce Learning Center	General Fund	1,000.00
SAFE Shelter	General Fund	1,000.00
Savannah Area Chamber	Bridge Run	10,000.00
Savannah Community Foundation	Demere Scholarship	3,000.00
Savannah Music Festival	2013 Festival	5,000.00
Southeastern Legal Foundation	General Fund	1,000.00
United Way	Employee Match	101,250.00
YMCA	Priceless Gifts	5,000.00
Foundation for Public Broadcasting	Membership	1,000.00
Parents and Friends of Hancock	Matching Gift	1,000.00
Texas Tech Foundation	Matching Gift	100.00
Savannah Country Day School	Matching Gift	500.00
Benedictine Military School	Matching Gift	500.00
St. Vincent's Academy	Matching Gift	500.00
Salvation Army	Matching Gift	250.00
Bryan Animal Caregivers	Matching Gift	250.00
		951,730.00

Schedule of Realized Gains and Losses

2012 Tax Year

Prepared For.

COLONIAL FOUNDATION INC
ATTN FRANK A BROWN COL OIL IND
P O BOX 576
SAVANNAH GA 31402

Quantity	Name	Security	Open Date	Cost Amount	Adjusted Cost Amount	Trade Price	Close Date	Close Amt	Close Price	Realized	% Gain or Loss
Long											
500	AFLAC INC	AFL	11/06/2009	21 149 25		42 1960	12/10/2012	26,764 94	53 7401	5 615 69	26 55
500	ANADARKO PETROLEUM CORP	APC	12/10/2003	12,113 88		24 1753	12/10/2012	38,034 64	76 2800	25 920 76	213 98
405	BECTON DICKINSON COMPANY	BDX	03/01/2005	24,333 72		59 9812	12/10/2012	31 454 37	77 7975	7,120 65	29 26
395	BECTON DICKINSON COMPANY	BDX	05/17/2005	23 290 78		58 8311	12/10/2012	30 677 73	77 7975	7,386 95	31 72
1 000	CVS CAREMARK CORP	CVS	12/27/2005	26 871 00		26 7700	12/10/2012	47 254 53	47 3601	20 383 53	75 86
100	CATERPILLAR INC	CAT	09/28/2007	7 852 24		78 4200	02/27/2012	11 474 30	115 7901	3 622 06	46 13
324	CISCO SYSTEMS INC	CSCO	06/24/2004	7 726 91		23 7300	12/17/2012	6 405 11	19 8706	-1 321 80	17 11
1,954	CISCO SYSTEMS INC	CSCO	11/12/2004	37,460 68		19 0700	12/17/2012	38 628 37	19 8706	1 167 69	3 12
1,222	CISCO SYSTEMS INC	CSCO	12/23/2005	21 311 83		17 3392	12/17/2012	24 157 56	19 8706	2 845 73	13 35
300	COLGATEPALMOLIVE COMPANY	CL	03/13/2008	23,092 89		76 8200	12/10/2012	31,992 02	106 9908	8 899 13	38 54
1,000	COMCAST CORP CLASS A NEW	CMCSA	12/11/2009	17 670 00		17 5690	11/30/2012	36 944 77	37 0501	19 274 77	109 08
500	DIAGEO PLC NEW SPONS ADR	DEO	01/29/2008	39 344 58		78 5879	12/17/2012	59 209 22	118 6301	19 864 64	50 49
250	DIAGEO PLC NEW SPONS ADR	DEO	01/29/2008	19,672 29		78 5879	12/24/2012	29,069 87	116 7001	9 397 58	47 77
114	DISNEY WALT COMPANY	DIS	06/24/2004	2,851 58		25 0140	10/22/2012	5,845 91	51 4901	2,994 33	105 01
344	DISNEY WALT COMPANY	DIS	06/25/2004	8,631 93		25 0940	10/22/2012	17 640 30	51 4901	9,008 37	104 36
42	DISNEY WALT COMPANY	DIS	12/20/2004	1,142 95		27 2130	10/22/2012	2 153 76	51 4901	1 010 81	88 44
800	DU PONT E I DE NEMOUR&CO	DD	03/22/2007	41,208 53		51 4097	12/10/2012	34,366 72	43 0900	-6,841 81	-16 60
750	GOODRICH CORP	382388-10-6	12/18/2006	33,900 81		45 1000	07/27/2012	95,625 00	127 5000	61 724 19	182 07
500	HOME DEPOT INC	HD	12/23/2005	20 827 68		41 5540	08/22/2012	28,194 91	56 6001	7 367 23	35 37
500	HOME DEPOT INC	HD	12/23/2005	20 827 67		41 5540	10/22/2012	30,784 85	61 7801	9 957 18	47 81
500	INTEL CORP	INTC	07/30/2009	9,780 08		19 4590	02/27/2012	13,375 30	26 9601	3 595 22	36 76
150	MICROSOFT CORP	MSFT	08/03/2001	5,039 49		33 4300	12/17/2012	4,020 01	26 9500	-1 019 48	-20 23
140	MICROSOFT CORP	MSFT	08/23/2002	3,694 60		26 0150	12/17/2012	3 752 01	26 9500	57 41	1 55
390	MICROSOFT CORP	MSFT	09/04/2003	11,085 60		28 2900	12/17/2012	10 452 04	26 9500	-633 56	-5 72
20	MICROSOFT CORP	MSFT	06/24/2004	570 84		28 4300	12/17/2012	536 01	26 9500	-34 83	-6 10
3,300	MONDELEZ INTL INC	MDLZ	07/30/2010	62 805 31		19 0319	12/17/2012	85 628 90	26 0501	22 823 59	36 34
300	NOVO NORDISK AS ADR	NVO	01/11/2006	8,483 29		28 2268	12/10/2012	48,248 41	161 1800	39,765 12	468 75
700	NUCOR CORP	NUE	07/30/2009	31,116 75		44 3500	12/17/2012	29 445 46	42 1704	-1 671 29	-5 37
300	NUCOR CORP	NUE	12/11/2009	12,651 71		42 0686	12/17/2012	12 619 49	42 1704	-32 22	-0 25
500	PEPSICO INC	PEP	08/26/2008	34 526 00		68 9500	12/10/2012	34,994 71	70 2000	468 71	1 36
1,000	TEVA PHARMACEUTICAL ADR	TEVA	12/09/2011	40 610 70		40 5092	12/10/2012	42,484 54	42 5900	1 873 84	4 61

Schedule of Realized Gains and Losses

2012 Tax Year

Prepared For

COLONIAL FOUNDATION INC

Quantity	Name	Security	Open Date	Cost Amount	Adjusted Cost Amount	Trade Price	Close Date	Close Amt	Close Price	Realized	% Gain or Loss
Long - *Continued*											
2 000	U S BANCORP DE NEW	USB	01/11/2006	61,057 73		30 4279	12/17/2012	63 014 28	31 6101	1 956 55	3 20
400	VARIAN MED SYS INC	VAR	02/28/2008	21,012 64		52 4300	12/10/2012	28,550 89	71 6401	7 538 25	35 87
600	VANGUARD REIT INDEX ETF	VNQ	05/22/2009	18,545 70	17,851 38	30 8080	12/10/2012	39,170 68	65 4601	21,319 30	114 96
456	WAL-MART STORES INC	WMT	01/06/2005	24,559 71		53 7572	12/10/2012	32,852 28	72 1502	8 292 57	33 76
457	WAL-MART STORES INC	WMT	03/18/2005	23,866 22		52 1088	12/10/2012	32,924 33	72 1502	9,058 11	37 95
187	WAL-MART STORES INC	WMT	01/11/2006	8,652 14		46 1189	12/10/2012	13,472 33	72 1502	4 820 19	55 71
				789,339 71	**17,851 38**			**1,122,220 55**		**333,575 16**	
Report Summary				**789,339.71**	**17,851.38**			**1,122,220 55**		**333,575 16**	

Realized Gains or Losses	
Long Term	333,575 16

This report is a service from your Investment Executive, not a substitute for your account statements and confirmations This report is prepared as of trade date rather than settlement date and may be prepared on a different date than your statement This report uses information from sources we believe are reliable, but we cannot guarantee the accuracy of this information or the reliability of these sources If you find discrepancies in this report, please contact your Investment Executive

**Prices for Independently Valued Direct Investments cannot be displayed on this report and are not included in the portfolio value shown* Refer to your monthly statement or contact your Investment Executive for further information