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**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

2012

Open to Public Inspection

For calendar year 2012 or tax year beginning , and ending

Name of foundation Howard Charitable Foundation		A Employer identification number 91-1952040
Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number (see instructions)
2525 Pio Pico	202	760-730-7342
City or town, state, and ZIP code Carlsbad CA 92008		C If exemption application is pending, check here <input type="checkbox"/>
G 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		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <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		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 17,084,580	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)	

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	719	719		
	4 Dividends and interest from securities	467,917	467,917		
	5 a Gross rents				
	b Net rental income or (loss)				
	6 a Net gain or (loss) from sale of assets not on line 10	719,636			
	b Gross sales price for all assets on line 6a	719,636			
	7 Capital gain net income (from Part IV, line 2)		719,636		
	8 Net short-term capital gain				
	9 Income modifications				
	10 a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)	56,579	56,579			
12 Total. Add lines 1 through 11	1,244,851	1,244,851	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	337,500	205,000		122,500
	14 Other employee salaries and wages	122,750	65,750		57,000
	15 Pension plans, employee benefits	56,964	34,044		22,902
	16 a Legal fees (attach schedule)	15,000	15,000		
	b Accounting fees (attach schedule)	8,000	8,000		
	c Other professional fees (attach schedule)	124,217	124,217		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	15,000	15,000		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy	12,036	9,500		2,536
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	59,661	51,655		8,036
	24 Total operating and administrative expenses. Add lines 13 through 23	751,128	528,166	0	212,974
	25 Contributions, gifts, grants paid	6,449,064			6,449,064
26 Total expenses and disbursements. Add lines 24 and 25	7,200,192	528,166	0	6,662,038	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-5,955,341				
b Net investment income (if negative, enter -0-)		716,685			
c Adjusted net income (if negative, enter -0-)			0		

Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	1,187,058	331,541	331,541
	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 schedule) ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	146,312	146,312	110,995
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis ▶			
Less accumulated depreciation (attach schedule) ▶				
12 Investments—mortgage loans				
13 Investments—other (attach schedule)	20,390,429	16,642,044	16,642,044	
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation (attach schedule) ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	21,723,799	17,119,897	17,084,580	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶ See Attached Statement)	-462,144	889,295	
	23 Total liabilities (add lines 17 through 22)	-462,144	889,295	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>			
	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	22,185,943	16,230,602	
	30 Total net assets or fund balances (see instructions)	22,185,943	16,230,602	
	31 Total liabilities and net assets/fund balances (see instructions)	21,723,799	17,119,897	

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	22,185,943
2 Enter amount from Part I, line 27a	2	-5,955,341
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	16,230,602
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	16,230,602

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 Capital Gains Distributions				
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			0	
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a			0	
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	719,636
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)			3	719,636
If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8				

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	3,456,040	0	0.000000
2010	3,794,881	26,401,199	0.143739
2009	13,522,516	29,619,362	0.456543
2008	22,335,068	59,839,454	0.373250
2007	24,430,000	96,353,499	0.253546
2 Total of line 1, column (d)			2 1.227078
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 0.245416
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5			4 18,644,912
5 Multiply line 4 by line 3			5 4,575,760
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 7,167
7 Add lines 5 and 6			7 4,582,927
8 Enter qualifying distributions from Part XII, line 4			8 6,662,038
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 instructions)		1	7,167
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			
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	7,167
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	
5 Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-		5	7,167
6 Credits/Payments			
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a	35,651	
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	35,651	
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	0	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	28,484	
11 Enter the amount of line 10 to be Credited to 2013 estimated tax 8,484 Refunded	11	20,000	

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 Instructions for the definition)? 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		X
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		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?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		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? If "Yes," complete Part II, col (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) CA, WA		
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		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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 ▶	13	X	
14	The books are in care of ▶ Richard D. Newell Telephone no ▶ 760-586-4044 Located at ▶ 2525 Pio Pico, Suite 202 Carlsbad CA ZIP+4 ▶ 92008			
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
				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
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? <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"/>	1b	N/A
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ 20 , 20 , 20 , 20		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20 , 20 , 20 , 20		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <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)	3b	N/A
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)? (see instructions)

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No**b** If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?**5b** N/A

Organizations relying on a current notice regarding disaster assistance check here

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

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?☐ Yes ☒ No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?**6b** 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**b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?**7b** N/A**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
Richard D Newell 2525 Pio Pico, ste 202 Carlsbad, CA 92008	Sec/Treas 40 00	337,500	5,000	

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
J C Northern 2525 Pio Pico, ste 202, Carlsbad, CA 92008	40 00	122,750	51,964	
	00	0		
	00	0		
	00	0		
	00	0		

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

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services** (see instructions). If none, enter "NONE."

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

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 Charitable Grant Program	
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	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	18,268,111
b	Average of monthly cash balances	1b	540,997
c	Fair market value of all other assets (see instructions)	1c	119,737
d	Total (add lines 1a, b, and c)	1d	18,928,845
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	18,928,845
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	283,933
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	18,644,912
6	Minimum investment return. Enter 5% of line 5	6	932,246

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	932,246
2a	Tax on investment income for 2012 from Part VI, line 5	2a	7,167
b	Income tax for 2012 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	7,167
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	925,079
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	925,079
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	925,079

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	6,662,038
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	6,662,038
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	7,167
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	6,654,871

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				925,079
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	19,885,515			
b From 2008	19,364,675			
c From 2009	12,055,212			
d From 2010	2,517,484			
e From 2011	3,479,389			
f Total of lines 3a through e	57,302,275			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 6,662,038				
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				925,079
e Remaining amount distributed out of corpus	5,736,959			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	63,039,234			
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				
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)	19,885,515			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	43,153,719			
10 Analysis of line 9				
a Excess from 2008	19,364,675			
b Excess from 2009	12,055,212			
c Excess from 2010	2,517,484			
d Excess from 2011	3,479,389			
e Excess from 2012	5,736,959			

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	
1 Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f _____					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	719	
4 Dividends and interest from securities			14	467,917	
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			14	56,579	
8 Gain or (loss) from sales of assets other than inventory			14	719,636	
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		1,244,851	0
13 Total. Add line 12, columns (b), (d), and (e)				13	1,244,851

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

- | 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? | | Yes | No |
|---|--|-------|----|
| 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. | | |

[illegible]

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

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

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.

Richard D. Newell APR 25 2013 ▶ Secretary-Treasurer
Signature of officer or trustee Date Title

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

**Paid
Preparer
Use Only**

Pnnr/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

Continuation of Part XV, Line 3a (990-PF) - Grants and Contributions Paid During the Year

Recipient(s) paid during the year

Name

Interfaith Community Services

Street

550 West Washington Ave , Suite B

City

Escondido

State

CA

Zip Code

92025

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

50,000

Name

Mira Costa Community College Foundation

Street

1 Barnard Drive

City

Oceanside

State

CA

Zip Code

92056

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Augmented Veterans' Services

Amount

305,649

Name

Oceanside Museum of Art

Street

704 Pier View Way

City

Oceanside

State

CA

Zip Code

92054

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

75,000

Name

Palm Springs Art Museum

Street

P O Box 2310

City

Palm Springs

State

CA

Zip Code

92263

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

35,000

Name

Pacific Lutheran University

Street

12180 Park Avenue South

City

Tacoma

State

WA

Zip Code

98447-0003

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

"Q" Club Scholarship Fund

Amount

250,000

Name

Racing For Our Heros Foundation

Street

6611 Hillcrest Ave , Suite 343

City

Dallas

State

TX

Zip Code

75205

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Wounded Warrior Project

Amount

25,000

Continuation of Part XV, Line 3a (990-PF) - Grants and Contributions Paid During the Year

Recipient(s) paid during the year

Name

Scripps Clinic Foundation

Street

10666 North Torrey Pines Road

City

La Jolla

State

CA

Zip Code

92037

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Mohs Surgery Center

Amount

2,500,000

Name

Salvation Army

Street

2320 Fifth Avenue

City

San Diego

State

CA

Zip Code

92101

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

50,000

Name

Sun City K-9 Adoptions

Street

26510 Murrieta Road

City

Sun City

State

CA

Zip Code

92586

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

5,000

Name

Teen Adolescent Placement Services

Street

4661 Marblehead Bay Drive

City

Oceanside

State

CA

Zip Code

92057-4268

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Placement Programs

Amount

125,000

Name

The Foundation at Flathead Valley Community College

Street

777 Grandview Drive

City

Kalispell

State

MT

Zip Code

59901

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Nursing & Health Sciences Center

Amount

300,000

Name

United Way of San Diego

Street

4699 Murphy Canyon Road

City

San Diego

State

CA

Zip Code

92123

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

50,000

Continuation of Part XV, Line 3a (990-PF) - Grants and Contributions Paid During the Year

Recipient(s) paid during the year

Name

United Way Gem Society

Street

P O Box 8217

City

Kalispell

State

MT

Zip Code

59904

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

50,000

Name

Wheaton American Legion-Merton Dale Post #80

Street

P O Box 835

City

Wheaton

State

MN

Zip Code

56296

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

200,000

Name

Women's Resource Center

Street

1963 Apple Street

City

Oceanside

State

CA

Zip Code

92054

Foreign Country**Relationship****Foundation Status**

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

35,000

Name**Street****City****State****Zip Code****Foreign Country****Relationship****Foundation Status****Purpose of grant/contribution****Amount****Name****Street****City****State****Zip Code****Foreign Country****Relationship****Foundation Status****Purpose of grant/contribution****Amount****Name****Street****City****State****Zip Code****Foreign Country****Relationship****Foundation Status****Purpose of grant/contribution****Amount**

Part I, Line 6 (990-PF) - Gain/Loss from Sale of Assets Other Than Inventory

		Amount		Totals										Net Gain or Loss	
		Long Term CG Distributions	Short Term CG Distributions	Capital Gains/Losses		Gross Sales	Cost, Other Basis and Expenses	Net Gain or Loss							
1	Check "X" to include to include in Part IV		719,636												
	Description														
	UBS Global Securities K-1														
	Purchaser														
	Check "X" if Purchaser is a Business														
	Date Acquired														
	Acquisition Method														
	Date Sold														
	Gross Sales Price														
	Cost or Other Basis														
	Valuation Method														
	Expense of Sale and Cost of Improvements														
	Adjustments														
	Net Gain or Loss														

Part I, Line 11 (990-PF) - Other Income

		56,579	56,579	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income
1	UBS Global Securities K-1	56,579	56,579	

Part I, Line 16a (990-PF) - Legal Fees

		15,000	15,000	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	Gary Bergquist, LLP	15,000	15,000		

Part I, Line 16b (990-PF) - Accounting Fees

		8,000	8,000	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	Redfern & Company CPA's	8,000	8,000		

Part I, Line 16c (990-PF) - Other Professional Fees

		124,217	124,217	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	UBS Global Investment Managers	124,217	124,217		

Part I, Line 18 (990-PF) - Taxes

		15,000	15,000	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
1	Real estate tax not included in line 20				
2	Tax on investment income	15,000	15,000		
3	Income tax				
4	State Tax				

Part I, Line 23 (990-PF) - Other Expenses

		59,661	51,655	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income
1				
2	Payroll taxes	21,136	13,130	
3	Bank and custody fees	3,990	3,990	
4	Postage			
5	Fees and Misc Office	633	633	
6	Other portfolio expenses from UBS K-1	33,902	33,902	

Part I, Line 23 (990-PF) - Other Expenses

8,036

	Disbursements for Charitable Purposes
1	
2	8,036
3	
4	
5	
6	

Part II, Line 10b (990-PF) - Investments - Corporate Stock

		146,312	146,312	107,478	110,995
		Book Value	Book Value	FMV	FMV
		Beg. of Year	End of Year	Beg. of Year	End of Year
1	2,883 shrs Merck & Co., Inc	146,312	146,312	107,478	110,995

Part II, Line 13 (990-PF) - Investments - Other

		20,390,429	16,642,044	16,642,044
		Book Value	Book Value	FMV
		Beg of Year	End of Year	End of Year
1	Asset Description			
	UBS Bond Relationship Fund			
2	UBS Global Securities Relationship Fund	AT COST	16,642,044	16,642,044

Part II, Line 22 (990-PF) - Other Liabilities

		-462,144	889,295
Description		Beginning Balance	Ending Balance
1	Unrealized Loss UBS Funds	-962,144	339,295
2	Non-Qualified Post retirement benefit liability	500,000	550,000

Part VIII, Line 1 (990-PF) - Compensation of Officers, Directors, Trustees and Foundation Managers

		Check "X" if Business	Street	City	State	Zip Code	Foreign Country	Title	Avg Hrs Per Week	Compensation	Benefits	Expense *
1	Richard D Newell	X	2525 Pio Pico, ste 202	Carlsbad	CA	92008		Sec/Treas	40.00	337,500	5,000	