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Form

990-PF

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust

Treated as a Private Foundation

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

OMB No 1545-0052

2012

Open to Public Inspection

For calendar year 2012, or tax year beginning 01-01-2012 , and ending 12-31-2012

Name of foundation THE MIDDLETON FOUNDATION		A Employer identification number 94-3117882	
Number and street (or P O box number if mail is not delivered to street address) 400 SOUTH EL CAMINO REAL ROOM/SUITE 1200		B Telephone number (see instructions) (650) 401-2000	
City or town, state, and ZIP code SAN MATEO, CA 94402		C If exemption application is pending, check here ☐	
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐	
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐	
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 12,563,994	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) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received (attach schedule)				
	2 Check ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	6,039	6,039		
	4 Dividends and interest from securities.	634,205	521,301		
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10	1,773,782			
	b Gross sales price for all assets on line 6a _____ 4,370,171				
	7 Capital gain net income (from Part IV, line 2)		1,773,782		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
Operating and Administrative Expenses	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)	18,694	18,694		
	12 Total. Add lines 1 through 11	2,432,720	2,319,816		
	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	23,000	10,000		13,000
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	62,180	5,670		
	19 Depreciation (attach schedule) and depletion . . .				
	20 Occupancy	45			45
	21 Travel, conferences, and meetings	720			720
	22 Printing and publications				
	23 Other expenses (attach schedule)	83,090	80,315		2,775
	24 Total operating and administrative expenses. Add lines 13 through 23	169,035	95,985		16,540
	25 Contributions, gifts, grants paid	489,665			489,665
	26 Total expenses and disbursements. Add lines 24 and 25	658,700	95,985		506,205
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	1,774,020			
	b Net investment income (if negative, enter -0-)		2,223,831		
	c Adjusted net income (if negative, enter -0-)				

Part II

Balance Sheets

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

			Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing	1,076,812	602,960	602,960
	2	Savings and temporary cash investments			
	3	Accounts receivable ▶ _____ Less allowance for doubtful accounts ▶ _____			
	4	Pledges receivable ▶ _____ Less allowance for doubtful accounts ▶ _____			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7	Other notes and loans receivable (attach schedule) ▶ _____ Less allowance for doubtful accounts ▶ _____			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U S and state government obligations (attach schedule)	499,437	 517,107	524,308
	b	Investments—corporate stock (attach schedule)	5,365,228	 5,376,064	6,515,834
	c	Investments—corporate bonds (attach schedule)			9,814
	11	Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	2,998,208	 4,374,640	4,911,078
	14	Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
Liabilities	15	Other assets (describe ▶ _____)			
	16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	9,939,685	10,870,771	12,563,994
	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 ▶ _____)	 112,020	 309,086	
	23	Total liabilities (add lines 17 through 22)	112,020	309,086	
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	9,827,665	10,561,685	
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg , and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	Total net assets or fund balances (see page 17 of the instructions)	9,827,665	10,561,685	
	31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	9,939,685	10,870,771	

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	9,827,665
2	Enter amount from Part I, line 27a	2	1,774,020
3	Other increases not included in line 2 (itemize) ▶ _____	3	
4	Add lines 1, 2, and 3	4	11,601,685
5	Decreases not included in line 2 (itemize) ▶  _____	5	1,040,000
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	10,561,685

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1 a	ML ALL ACCOUNTS	P	2012-01-01	2012-12-31
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 4,370,171		2,596,389	1,773,782
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a			1,773,782
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	1,773,782
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	1,773,782

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2011	559,090	10,571,079	0 052889
2010	510,005	8,839,603	0 057695
2009	434,449	6,861,728	0 063315
2008	500,639	8,120,885	0 061648
2007	376,238	8,985,007	0 041874

2	Total of line 1, column (d).	2	0 277421
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 055484
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.	4	12,246,728
5	Multiply line 4 by line 3.	5	679,497
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	22,238
7	Add lines 5 and 6.	7	701,735
8	Enter qualifying distributions from Part XII, line 4.	8	506,205

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

Part VIExcise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a		Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1				
		Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)				
b		Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		1	44,477	
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		
3		Add lines 1 and 2.		3	44,477	
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	44,477	
6		Credits/Payments				
a		2012 estimated tax payments and 2011 overpayment credited to 2012	6a	33,735		
b		Exempt foreign organizations—tax withheld at source	6b			
c		Tax paid with application for extension of time to file (Form 8868)	6c	25,000		
d		Backup withholding erroneously withheld	6d			
7		Total credits and payments Add lines 6a through 6d.		7	58,735	
8		Enter any penalty for underpayment of estimated tax Check here ☒ if Form 2220 is attached		8	93	
9		Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9		
10		Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid.		10	14,165	
11		Enter the amount of line 10 to be Credited to 2013 estimated tax	14,165	Refunded	11	

Part VII-AStatements Regarding Activities

1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		Yes	No
		1a		No
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?			No
	If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.			
c	Did the foundation file Form 1120-POL for this year?.	1c		No
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation \$ _____ (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?	2		No
	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	3		No
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?.	4a		No
b	If "Yes," has it filed a tax return on Form 990-T for this year?.	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	5		No
	If "Yes," attach the statement required by General Instruction T.			
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either - By language in the governing instrument, or - By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	Yes	
7	Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) CA _____			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation .	8b	Yes	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? If "Yes," complete Part XIV	9		No
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		No

Part VII-A

Statements Regarding Activities *(continued)*

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions).	11		No
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	
Website address ▶N/A				
14	The books are in care of ▶FRED MIDDLETON Telephone no ▶(650) 401-2000 Located at ▶400 SOUTH EL CAMINO REAL STE 1200 SAN MATEO CA ZIP +4 ▶94402			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶	15		
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		No
See instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes", enter the name of the foreign country ▶				

Part VII-B

Statements Regarding Activities for Which Form 4720 May Be Required

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

Part VII-B

Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a	During the year did the foundation pay or incur any amount to			
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	☐ Yes ☒ No		
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	☐ Yes ☒ No		
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	☐ Yes ☒ No		
	(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions).	☐ Yes ☒ No		
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	☐ Yes ☒ No		
b	If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?		5b	
	Organizations relying on a current notice regarding disaster assistance check here.	☒		
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?	☐ Yes ☐ No		
	If "Yes," attach the statement required by Regulations section 53.4945–5(d).			
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No		
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		6b	No
	If "Yes" to 6b, file Form 8870.			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No		
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?		7b	

Part VIII

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

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).				
(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
FRED A MIDDLETON 545 EL CERRITO AVENUE HILLSBOROUGH, CA 94010	CEO 10 00	0	0	0
CAROLE MIDDLETON 545 EL CERRITO AVENUE HILLSBOROUGH, CA 94010	CFO 10 00	0	0	0
LINDARAE POLAHA 400 EL CAMINO REAL SUITE 1200 SAN MATEO, CA 94402	SECRETARY 10 00	0	0	0
2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."				
(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				
Total number of other employees paid over \$50,000.				

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
MERRILL LYNCH MERRILL LYNCH 600 CALIFORNIA ST 8TH FL 600 CALIFORNIA ST 8TH FL SAN FRANCISCO,CA 94108	INVEST MGMT	80,315
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	
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 N/A	
2	
All other program-related investments. See page 24 of the instructions.	
3	
Total. Add lines 1 through 3.	

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	11,691,351
b	Average of monthly cash balances.	1b	741,875
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	12,433,226
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	12,433,226
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	186,498
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	12,246,728
6	Minimum investment return. Enter 5% of line 5.	6	612,336

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	612,336
2a	Tax on investment income for 2012 from Part VI, line 5.	2a	44,477
b	Income tax for 2012 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	44,477
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	567,859
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	567,859
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	567,859

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	506,205
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	506,205
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	
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	506,205
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				567,859
2	Undistributed income, if any, as of the end of 2012				
a	Enter amount for 2011 only.				
b	Total for prior years 20____, 20____, 20____				
3	Excess distributions carryover, if any, to 2012				
a	From 2007.				
b	From 2008.	107,019			
c	From 2009.	98,849			
d	From 2010.	75,613			
e	From 2011.	46,351			
f	Total of lines 3a through e.	327,832			
4	Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 506,205				
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.				506,205
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)	61,654			61,654
6	Enter the net total of each column as indicated below:				
a	Corpus Add lines 3f, 4c, and 4e Subtract line 5	266,178			
b	Prior years' undistributed income Subtract line 4b from line 2b.				
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				
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). . . .				
9	Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a.	266,178			
10	Analysis of line 9				
a	Excess from 2008. . . .	45,365			
b	Excess from 2009. . . .	98,849			
c	Excess from 2010. . . .	75,613			
d	Excess from 2011. . . .	46,351			
e	Excess from 2012. . . .				

Part XIV

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

1a

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

b

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

☐ 4942(j)(3) or ☐ 4942(j)(5)

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

Part XV

Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see instructions.)

1

Information Regarding Foundation Managers:

a

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

FRED AND CAROLE MIDDLETON

b

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

2

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

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

a

The name, address, and telephone number of the person to whom applications should be addressed

b

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

c

Any submission deadlines

d

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

Part XV

Supplementary Information (continued)

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year See Additional Data Table				
Total			3a	489,665
b Approved for future payment				
Total			3b	

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	6,039	
4 Dividends and interest from securities.			14	634,205	
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	18,694	
8 Gain or (loss) from sales of assets other than inventory			18	1,773,782	
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).				2,432,720	
13 Total. Add line 12, columns (b), (d), and (e).				2,432,720	

[illegible]

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

**Sign
Here**

**Paid
Preparer
Use Only**

Sign Here ***** Signature of officer or trustee	2013-11-04 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 KARIFA DIAWARA	Preparer's Signature KARIFA DIAWARA	Date 2013-11-15	Check if self-employed ☒	PTIN
	Firm's name DIAWARA & ASSOCIATES CPAS			Firm's EIN	
	2225 EAST BAYSHORE ROAD SUITE 200 Firm's address			Phone no (650) 521-1620	
PALO ALTO, CA 94303					

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
ALL STARS ALL STARS 870 MARKET STREET 841 870 MARKET STREET 841 SAN FRANCISCO,CA 94102	NONE	501(C)(3)	CHARITY	5,000
AMERICAN SCHOOL IN LONDON AMERICAN SCHOOL IN LONDON 1 WAVERLEY PL 1 WAVERLEY PL LONDON UK	NONE	501(C)(3)	CHARITY	1,000
BRANSON SCHOOL BRANSON SCHOOL 39 FERNHILL AVE 39 FERNHILL AVE ROSS,CA 94957	NONE	501(C)(3)	NONE	1,000
BROADWAY BY THE BAY BROADWAY BY THE BAY 2219 BROADWAY ST 2219 BROADWAY ST REDWOOD CITY,CA 94063	NONE	501(C)(3)	CHARITY	1,250
CALIFORNIA STATE PARKS FN CALIFORNIA STATE PARKS FND 1416 9TH ST 1416 9TH ST SACRAMENTO,CA 95814	NONE	501(C)(3)	CHARITY	500
CHP 11-99 FOUNDATION CHP 11-99 FOUNDATION 2244 N STATE COLLEGE BLV 2244 N STATE COLLEGE BLV FULLERTON,CA 92831	NONE	501(C)(3)	CHARITY	3,500
COALITION TO SALUTE AMER COALITION TO SALUTE AMER 12 GODFREY PLACE 12 GODFREY PLACE WILTON,CT 06897	NONE	501(C)(3)	CHARITY	2,000
COMMONWEALTH CLUB OF CA COMMONWEALTH CLUB OF CA 595 MARKET ST 2ND FLOOR 595 MARKET ST 2ND FLOOR SAN FRANCISCO,CA 94105	NONE	501(C)(3)	CHARITY	500
CONARD HOUSE CONARD HOUSE 1385 MISSION ST 200 1385 MISSION ST 200 SAN FRANCISCO,CA 94103	NONE	501(C)(3)	CHARITY	3,000
DAMON RUNYON CANCER RESEARCH FND DAMON RUNYON CANCER RESEARCH FND 55 BROADWAY STE 302 55 BROADWAY STE 302 NEW YORK,NY 10006	NONE	501(C)(3)	CHARITY	1,000
FALL ANTIQUES SHOW FALL ANTIQUES SHOW 200 PINE ST FL 6 200 PINE ST FL 6 SAN FRANCISCO,CA 94104	NONE	501(C)(3)	CHARITY	500
HARWARD UNIVERSITY GIFT HAWARDS UNIVERSITY GIFT 124 MOUNT AUBURN ST 124 MOUNT AUBURN ST CAMBRIDGE,MA 02138	NONE	501(C)(3)	CHARITY	5,000
HILLS AUX FAMILY SERVICE HILLS AUX FAMILY SERVICE 24 SECOND AVE 24 SECOND AVE SAN MATEO,CA 94401	NONE	501(C)(3)	CHARITY	25,000
HILLS SCHOOLS FOUNDATION HILLSBOROUGH SCHOOLS FOUNDATION 300 EL CERRITO AVE 300 EL CERRITO AVE HILLSBROROUGH,CA 94010	NONE	501(C)(3)	CHARITY	1,500
HILLSBOROUGH CONCOURS D'ELEGANCE HILLSBOROUGH CONCOURS D'ELEGANCE 1600 FLORIBUNDA AVE 1600 FLORIBUNDA AVE HILLSBOROUGH,CA 94010	NONE	501(C)(3)	CHARITY	1,500

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
HOPE FOR CROHNS HOPE FOR CROHNS PO BOX 11421 PO BOX 11421 PLEASANTON,CA 94588	NONE	501(C)(3)	CHARITY	100
INSTITUTE FOR SHIPBOARD EDUCATION INSTITUTE FOR SHIPBOARD EDUCATION PO BOX 400885 PO BOX 400885 CHARLOTTEVILLE,VA 229044885	NONE	501(C)(3)	CHARITY	2,500
LEAGUE TO SVE TAHOE LEAGUE TO SAVE TAHOE 955 EMERALD BAY RD 955 EMERALD BAY RD SOUTH LAKE TAHOE,CA 96150	NONE	501(C)(3)	CHARITY	1,000
LOYOLA MARYMOUNT UNIVERSITY LOYOLA MARYMOUNT UNIVERSITY 1 LOYOLA MARYMOUNT DR 1 LOYOLA MARYMOUNT DR LOS ANGELES,CA 90045	NONE	501(C)(3)	CHARITY	10,000
LYMELIGHT FOUNDATION LYMELIGHT FOUNDATION 1229 BURLINGAME AVE 205 1229 BURLINGAME AVE 205 BURLINGAME,CA 94010	NONE	501(C)(3)	CHARITY	5,000
MILLS PENINSULA FOUNDATION MILLS PENINSULA HOSPITAL FOUNDATION 1766 EL CAMINO REAL 1766 EL CAMINO REAL BURLINGAME,CA 94010	NONE	501(C)(3)	CHARITY	85,000
MIT ALUMNI ASSOCIATION MIT ALUMNI ASSOCIATION 600 MEMORIAL DRIVE W-98-2 600 MEMORIAL DR W-98-2 CAMBRIDGE,MA 02138	NONE	501(C)(3)	CHARITY	200,000
NAPA VALLEY FILMS FESTIVAL NAPA VALLEY FILMS FESTIVAL 1400 W CLAY ST100 1400 W CLAY ST100 NAPA,CA 94559	NONE	501(C)(3)	CHARITY	2,500
NATIONAL ITALIAN AMERICAN FND NATIONAL ITALIAN AMERICAN FND 1860 19TH ST NW 1860 19TH ST NW WASHINGTON,DC 20009	NONE	501(C)(3)	CHARITY	600
OPPORTUNITY INTERNATIONAL OPPORTUNITY INTERNATIONAL 2122 YORK ROAD STE 150 2122 YORK ROAD STE 150 OAK BROOK,IL 60523	NONE	501(C)(3)	CHARITY	25,215
ORPHAN COMPASSION AUX ORPHAN COMPASSION AUX 1500 EASTON DRIVE 1500 EASTON DRIVE BURLINGAME,CA 94010	NONE	501(C)(3)	CHARITY	10,000
PARTNERS FOR TRANSFORMATION PARTNERS FOR TRANSFORMATION 777 N CAPITAL ST NE 777 N CAPITAL ST NE WASHINGTON,DC 20002	NONE	501(C)(3)	CHARITY	5,000
POLLINATOR PARTNERSHIP POLLINATOR PARTNERSHIP 423 WASHINGTON ST 5TH FL 423 WASHINGTON ST5TH FL SAN FRANCISCO,CA 941112339	NONE	501(C)(3)	CHARITY	1,000
RED WHITE & TAHOE BLUE RED WHITE & TAHOE BLUE PO BOX 3789 PO BOX 3789 INCLINE VILLAGE,NV 89450	NONE	501(C)(3)	CHARITY	500
RUSTIN GROUP THEATRE COM RUSTIN GROUP THEATRE 3000 AIRPORT AVE 3000 AIRPORT AVE SANTA MONICA,CA 90405	NONE	501(C)(3)	CHARITY	23,000

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
SAN MATEO HOSPITAL COMMUNITY FND SAN MATEO HOSPITAL COMMUNITY FND 222 WEST 39TH AVE 222 WEST 39TH AVE SAN MATEO,CA 94403	NONE	501(C)(3)	CHARITY	1,000
SF BALLET SF BALLET 455 FRANKLIN ST 455 FRANKLIN ST SAN FRANCISCO,CA 94102	NONE	501(C)(3)	CHARITY	7,700
SF MOMA SF MOMA 151 THIRD ST 151 THIRD ST SAN FRANCISCO,CA 94103	NONE	501(C)(3)	CHARITY	10,000
SF SPCA SF SPCA 201 ALABAMA ST 201 ALABAMA ST SAN FRANCISCO,CA 94103	NONE	501(C)(3)	CHARITY	600
THE HERITAGE FOUNDATION THE HERITAGE FOUNDATION 214 MASSACHUSETTS AVE 214 MASSACHUSETTS AVE WASHINGTON,DC 20002	NONE	501(C)(3)	CHARITY	1,000
THE LEAKEY FOUNDATION THE LEAKEY FOUNDATION 1003B OREILLY AVE 1003B OREILLY AVE SAN FRANCISCO,CA 941291359	NONE	501(C)(3)	CHARITY	1,750
THE REAGAN FOUNDATION THE REAGAN FOUNDATION 40 PRESIDENTIAL DR 40 PRESIDENTIAL DR SIMI VALLEY,CA 93065	NONE	501(C)(3)	CHARITY	200
UNITED STATES OLYMPIC COMMITTEE UNITED STATES OLYMPIC COMMITTEE PO BOX 7010 PO BOX 7010 ALBERTA LEA,MN 560078010	NONE	501(C)(3)	CHARITY	28,000
UOP DENTAL SCHOOL UOP DENTAL SCHOOL 2155 WEBSTER ST 2155 WEBSTER ST SAN FRANCISCO,CA 94115	NONE	501(C)(3)	CHARITY	6,000
VASCULAR CURES FND VASCULAR CURES FND 555 PRICE AVE STE 180 555 PRICE AVE STE 180 REDWOOD CITY,CA 94063	NONE	501(C)(3)	CHARITY	7,750
SAN MATEO PUBLIC LIBRARY SAN MATEO PUBLIC LIBRARY 55 W 3RD AVE 55 W 3RD AVE SAN MATEO,CA 94402	NONE	501(C)(3)	CHARITY	2,000
Total ▶ 3a				489,665

TY 2012 Accounting Fees Schedule

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INDIRECT ACCOUNTING FEES	23,000	10,000		13,000

TY 2012 Compensation Explanation**Name:** THE MIDDLETON FOUNDATION**EIN:** 94-3117882

Person Name	Explanation
FRED A MIDDLETON	
CAROLE MIDDLETON	
LINDARAE POLAHA	

TY 2012 Contractor Compensation Explanation

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

Contractor	Explanation
MERRILL LYNCH MERRILL LYNCH	INVESTMENT MANAGEMENT

**TY 2012 Investments Corporate
Bonds Schedule**

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

Name of Bond	End of Year Book Value	End of Year Fair Market Value
ALL ACCOUNTS ML		9,814

TY 2012 Investments Corporate Stock Schedule

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

Name of Stock	End of Year Book Value	End of Year Fair Market Value
MERRILL LYNCH - ALL ACCOUNTS	5,376,064	6,515,834

TY 2012 Investments Government Obligations Schedule

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

**US Government Securities - End of
Year Book Value:**

517,107

**US Government Securities - End of
Year Fair Market Value:**

524,308

**State & Local Government
Securities - End of Year Book
Value:**

**State & Local Government
Securities - End of Year Fair
Market Value:**

TY 2012 Investments - Other Schedule

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

Category / Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
MUTUAL FUNDS	AT COST	4,374,640	4,911,078

TY 2012 Other Decreases Schedule

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

Description	Amount
TAX/GAAP ADJUSTMENT TO REFLECT TAX GAIN RECOGNIZED	1,040,000

TY 2012 Other Expenses Schedule

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
ADVISORY FEES	80,315	80,315		
MEMBERSHIP DUES	2,688			2,688
OTHER MISC	87			87

TY 2012 Other Income Schedule

Name: THE MIDDLETON FOUNDATION

EIN: 94-3117882

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
MERRILL LYNCH - ALL ACCOUNTS	18,689	18,689	
BANK CREDIT	5	5	

TY 2012 Other Liabilities Schedule**Name:** THE MIDDLETON FOUNDATION**EIN:** 94-3117882

Description	Beginning of Year - Book Value	End of Year - Book Value
SHORT POSITIONS	17,000	
CREDIT CARD	95,020	309,086

TY 2012 Taxes Schedule**Name:** THE MIDDLETON FOUNDATION**EIN:** 94-3117882

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAXES	5,670	5,670		
LICENSE FEES				
CA SOS FEE				
EXCISE TAX (FED)	56,510			