Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

▶ Do not enter Social Security numbers on this form as it may be made public

▶ Information about Form 990-PF and its separate instructions is at *www.irs.gov/form990pf.*

OMB No 1545-0052

2013

Open to Public Inspection

For calendar year 2013 or tax year beginning , and ending

Name of foundation	A Employer identification number
HIGHLANDS FOUNDATION, INC.	20-3941123
Number and street (or P O box number if mail is not delivered to street address) / Room/suite: 4717 HAMMERSLEY ROAD	B Telephone number 608.271.2233
City or town, state or province, country, and ZIP or foreign postal code: MADISON, WI 53711-2708	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)* ▶$ 5,259,809.

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 ▶ ☐

SCANNED MAY 2 8 2014

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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))	(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			N/A	
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	110,195.	109,156.		STATEMENT 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	358,037.			
b Gross sales price for all assets on line 6a 2,064,662.				
7 Capital gain net income (from Part IV, line 2)		358,037.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income	117.	117.		STATEMENT 2
12 **Total** Add lines 1 through 11	468,349.	467,310.		
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc	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 3	29,341.	29,341.		0.
17 Interest				
18 Taxes STMT 4	13,282.	3,360.		0.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 5	357.	357.		0.
24 **Total operating and administrative expenses** Add lines 13 through 23	42,980.	33,058.		0.
25 Contributions, gifts, grants paid	251,700.			251,700.
26 **Total expenses and disbursements** Add lines 24 and 25	294,680.	33,058.		251,700.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	173,669.			
b **Net investment income** (if negative, enter -0-)		434,252.		
c **Adjusted net income** (if negative, enter -0-)			N/A	

G/4 4

Part II Balance Sheets (Attached schedules and amounts in the description column should be for end-of-year amounts only)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	235,381.	99,687.	99,687.
	2 Savings and temporary cash investments		167,053.	167,053.
	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 6	2,757,002.	2,785,623.	3,495,027.
	c Investments - corporate bonds STMT 7	1,395,663.	1,514,529.	1,498,042.
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	4,388,046.	4,566,892.	5,259,809.
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			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
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	0.	0.	
	28 Paid-in or capital surplus, or land, bldg , and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	4,388,046.	4,566,892.	
	30 Total net assets or fund balances	4,388,046.	4,566,892.	
	31 Total liabilities and net assets/fund balances	4,388,046.	4,566,892.	

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	4,388,046.
2 Enter amount from Part I, line 27a	2	173,669.
3 Other increases not included in line 2 (itemize) ▶ ADJUSTMENT FOR TIMING DIFFERENCES	3	9,808.
4 Add lines 1, 2, and 3	4	4,571,523.
5 Decreases not included in line 2 (itemize) ▶ ADJUSTMENT FOR WASH SALES	5	4,631.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	4,566,892.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo , day, yr)
1a				
b	SEE ATTACHED STATEMENT			
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e	2,064,662.		1,706,625.	358,037.

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

	(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	(l) Gains (Col (h) gain minus col. (k), but not less than -0-) or Losses (from col (h))
a				
b				
c				
d				
e				358,037.

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 } 2 358,037.

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 N/A

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))
2012	159,931.	4,685,237.	.034135
2011	192,500.	4,587,771.	.041959
2010	158,000.	4,345,348.	.036361
2009	264,705.	3,812,590.	.069429
2008	347,906.	4,942,270.	.070394

2	**Total** of line 1, column (d)	2	.252278
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	.050456
4	Enter the net value of noncharitable-use assets for 2013 from Part X, line 5	4	4,979,716.
5	Multiply line 4 by line 3	5	251,257.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	4,343.
7	Add lines 5 and 6	7	255,600.
8	Enter qualifying distributions from Part XII, line 4	8	251,700.

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	8,685.
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	8,685.
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	8,685.
6	Credits/Payments				
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a	7,240.		
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	7,240.
8	Enter any **penalty** for underpayment of estimated tax Check here ☒ 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	1,445.
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 2014 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 the 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) ▶ WI			
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 2013 or the taxable year beginning in 2013 (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)*

			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 ▶ JAMES BAKKE Telephone no. ▶ 608.271.2233

Located at ▶ 4717 HAMMERSLEY ROAD, MADISON, WI ZIP+4 ▶ 53717-2708

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

			Yes	No
16	At any time during calendar year 2013, 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

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
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 2013?	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 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013? ☐ 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 2013 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 2013.)* N/A	3b		
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 2013?	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 — No: 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? 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
SUSAN A. BAKKE 4717 HAMMERSLEY ROAD MADISON, WI 53711-2708	PRESIDENT 1.00	0.	0.	0.
JAMES J. BAKKE 4717 HAMMERSLEY ROAD MADISON, WI 53711-2708	VICE PRESIDENT 1.00	0.	0.	0.
BLAINE R. RENFERT 4717 HAMMERSLEY ROAD MADISON, WI 53711-2708	SECRETARY & TREASURER 1.00	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

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 N/A	
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	4,770,330.
b	Average of monthly cash balances		1b	285,219.
c	Fair market value of all other assets		1c	
d	**Total** (add lines 1a, b, and c)		1d	5,055,549.
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	5,055,549.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)		4	75,833.
5	**Net value of noncharitable-use assets** Subtract line 4 from line 3 Enter here and on Part V, line 4		5	4,979,716.
6	**Minimum investment return** Enter 5% of line 5		6	248,986.

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	248,986.
2a	Tax on investment income for 2013 from Part VI, line 5	2a 8,685.		
b	Income tax for 2013 (This does not include the tax from Part VI.)	2b		
c	Add lines 2a and 2b		2c	8,685.
3	Distributable amount before adjustments. Subtract line 2c from line 1		3	240,301.
4	Recoveries of amounts treated as qualifying distributions		4	0.
5	Add lines 3 and 4		5	240,301.
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	240,301.

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	251,700.
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	251,700.
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	251,700.

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 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7					240,301.
2 Undistributed income, if any, as of the end of 2013 a Enter amount for 2012 only				0.	
b Total for prior years: ____, ____, ____			0.		
3 Excess distributions carryover, if any, to 2013 a From 2008	1,084.				
b From 2009	76,223.				
c From 2010					
d From 2011					
e From 2012					
f **Total** of lines 3a through e		77,307.			
4 Qualifying distributions for 2013 from Part XII, line 4: ▶ $ 251,700. a Applied to 2012, 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 2013 distributable amount					240,301.
e Remaining amount distributed out of corpus		11,399.			
5 Excess distributions carryover applied to 2013 (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		88,706.			
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 2012 Subtract line 4a from line 2a Taxable amount - see instr.				0.	
f Undistributed income for 2013. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014					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 2008 not applied on line 5 or line 7		1,084.			
9 **Excess distributions carryover to 2014** Subtract lines 7 and 8 from line 6a		87,622.			
10 Analysis of line 9 a Excess from 2009	76,223.				
b Excess from 2010					
c Excess from 2011					
d Excess from 2012					
e Excess from 2013	11,399.				

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 2013, 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) 2013	(b) 2012	(c) 2011	(d) 2010	(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).)

SEE STATEMENT 8

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 ▶ [X] 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 address 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 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*				
SEE STATEMENT 8				251,700.
Total			▶ 3a	251,700.
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	110,195.	
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	117.	
8 Gain or (loss) from sales of assets other than inventory			18	358,037.	
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.		468,349.	0.

13 **Total** Add line 12, columns (b), (d), and (e) 13 468,349.

(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 of officer or trustee: [signature] Date: 5-15-14 Title: Vice President

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
RUSSELL L. WOLFF, CPA, PARTNER	RUSSELL L. WOLFF,	05/09/14	X	P00089483

Firm's name ▶ BAKER TILLY VIRCHOW KRAUSE, LLP — Firm's EIN ▶ 39-0859910

Firm's address ▶ PO BOX 7398 MADISON, WI 53707-7398 — Phone no (608)249-6622

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
US BANK - CGD	30,509.	30,509.	0.	0.	
US BANK - DIVIDENDS	109,156.	0.	109,156.	109,156.	
US BANK - NONDIVIDEND DISTRIBUTIONS	1,039.	0.	1,039.	0.	
TO PART I, LINE 4	140,704.	30,509.	110,195.	109,156.	

FORM 990-PF OTHER INCOME STATEMENT 2

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
OTHER INCOME U.S. BANK	117.	117.	
TOTAL TO FORM 990-PF, PART I, LINE 11	117.	117.	

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
US BANK - AGENCY FEES	29,341.	29,341.		0.
TO FORM 990-PF, PG 1, LN 16C	29,341.	29,341.		0.

FORM 990-PF | TAXES | STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
US BANK - FOREIGN TAX EXPENSE	3,360.	3,360.		0.
INTERNAL REVENUE SERVICE FORM - 2012 990-PF EXCISE TAX BALANCE DUE	2,682.	0.		0.
INTERNAL REVENUE SERVICE FORM - 2013 990-PF EXCISE TAX ESTIMATE PAID	7,240.	0.		0.
TO FORM 990-PF, PG 1, LN 18	13,282.	3,360.		0.

FORM 990-PF | OTHER EXPENSES | STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
US BANK - TAX LETTER FEE	125.	125.		0.
US BANK - OTHER INVESTMENT EXPENSES	232.	232.		0.
TO FORM 990-PF, PG 1, LN 23	357.	357.		0.

FORM 990-PF | CORPORATE STOCK | STATEMENT 6

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
US BANK - STOCKS	2,785,623.	3,495,027.
TOTAL TO FORM 990-PF, PART II, LINE 10B	2,785,623.	3,495,027.

FORM 990-PF | CORPORATE BONDS | STATEMENT 7

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
US BANK - BONDS	1,514,529.	1,498,042.
TOTAL TO FORM 990-PF, PART II, LINE 10C	1,514,529.	1,498,042.

FORM 990-PF | PART XV - LINE 1A LIST OF FOUNDATION MANAGERS | STATEMENT 8

NAME OF MANAGER

SUSAN A. BAKKE
JAMES J. BAKKE

FORM 990-PF: Part XV Supplementary Information — STATEMENT 8

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
Bethel Lutheran Church 312 Wisconsin Avenue Madison, WI 53703	N/A	Public Charity	General Support	50,000
Domestic Abuse Intervention Services PO Box 1761 Madison WI 53701	N/A	Public Charity	General Support	110,700
Foundation for Madison Public Schools 455 Science Drive, Suite 130 Madison, WI 53711	N/A	Public Charity	General Support	6,000
The Kennedy Center-National Center for Performing Arts 2440 Reservoir Avenue Trumbull, CT 06611	N/A	Public Charity	General Support	35,000
Madison Children's Museum 100 North Hamilton Street Madison, WI 53703	N/A	Public Charity	General Support	22,500
Madison Symphony Orchestra League 222 West Washington Avenue, Suite 460 Madison, WI 53703	N/A	Public Charity	General Support	2,500
United Way of Dane County 2059 Atwood Avenue Madison, WI 53704	N/A	Public Charity	General Support	25,000
Total Contributions				251,700

ASSET DETAIL

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost

Cash & Equivalents

Cash/Money Market

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
105,881 980	First Amer Prime Oblig Fund Cl Y *HIGHLANDS FOUNDATION INC*	105,881 98 1 0000 1 21	105,881 98 1 00
35,485 900	First Amer Prime Oblig Fund Cl Y *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	35,485 90 1 0000 51	35,485 90 1 00
22,101 650	First Amer Prime Oblig Fund Cl Y *HIGHLANDS FND AGY-SMA ROBECO*	22,101 65 1 0000 33	22,101 65 1 00
3,583 470	First Amer Prime Oblig Fund Cl Y *HIGHLANDS FND AGY-SMA ACADIAN*	3,583 47 1 0000 05	3,583 47 1 00
	Total First Amer Prime Oblig Fund Cl Y	**$167,053.00**	**$167,053.00**
Total Cash/Money Market		**$167,053.00** 2 10	**$167,053.00**

Cash

	Principal Cash	- 63,251 23	- 63,251 23
	Income Cash	63,251 23	63,251 23
	Total Cash	**$0 00**	**$0.00**

Total Cash & Equivalents		**$167,053.00** 2 10	**$167,053.00**

Taxable Bonds

Fixed Income Funds

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
7,341 356	Credit Suisse Comm Ret ST Co CRSOX *HIGHLANDS FOUNDATION INC*	53,078 00 7 2300 00	57,764 35 7 87
6,170 031	Inv Balance Risk Comm Str Y BRCYX *HIGHLANDS FOUNDATION INC*	54,789 88 8 8800 00	67,565 24 10 95
32,865 433	Loomis Sayles Strategic Alpha Fund Y LASYX *HIGHLANDS FOUNDATION INC*	330,297 60 10 0500 00	312,973 40 9 52
29,220 149	Mainstay Floating Rate Fd I MXFIX *HIGHLANDS FOUNDATION INC*	280,221 23 9 5900 964 48	279,856 02 9 58
72,933 132	Pimco Total Return Fund Inst #35 PTTRX *HIGHLANDS FOUNDATION INC*	779,655 18 10 6900 1,050 73	796,370 23 10 92
	Total Fixed Income Funds	**$1,498,041.89** 2,015 21	**$1,514,529 24**
	Total Taxable Bonds	**$1,498,041.89** 2,015 21	**$1,514,529 24**

Stocks

Common Stocks

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
552 000	A E S Corp AES *HIGHLANDS FND AGY-SMA ROBECO*	8,009 52 14 5100 00	7,203 09 13 05
75 000	Abbvie Inc ABBV *HIGHLANDS FND AGY-SMA ROBECO*	3,960 75 52 8100 00	2,726 36 36 35
47 000	Agco Corp AGCO *HIGHLANDS FND AGY-SMA ROBECO*	2,781 93 59 1900 00	2,426 11 51 62
71 000	Agilent Technologies Inc A *HIGHLANDS FND AGY-SMA ROBECO*	4,060 49 57 1900 9 37	3,668 94 51 68

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
96 000	Allstate Corp ALL *HIGHLANDS FND AGY-SMA ROBECO*	5,235 84 54 5400 24 00	4,994 80 52 03
81 000	American Capital Agency Corp AGNC *HIGHLANDS FND AGY-SMA ROBECO*	1,562 49 19 2900 52 65	1,638 62 20 23
189 000	American Express Co AXP *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	17,147 97 90 7300 00	7,238 70 38 30
180 000	American Homes 4 Rent A AMH *HIGHLANDS FND AGY-SMA ROBECO*	2,916 00 16 2000 9 00	2,899 67 16 11
56 000	Amgen Inc AMGN *HIGHLANDS FND AGY-SMA ROBECO*	6,388 48 114 0800 00	4,910 08 87 68
109 000	Apple Inc AAPL *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	61,151 18 561 0200 00	24,433 01 224 16
802 000	Bank Of America Corp BAC *HIGHLANDS FND AGY-SMA ROBECO*	12,487 14 15 5700 00	10,337 78 12 89
138 000	Bbt Corp BBT *HIGHLANDS FND AGY-SMA ROBECO*	5,150 16 37 3200 00	3,899 84 28 26
59 000	Bed Bath & Beyond Inc BBBY *HIGHLANDS FND AGY-SMA ROBECO*	4,737 70 80 3000 00	3,443 46 58 36
325 000	Berkshire Hathaway Inc Cl B BRKB *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	38,532 00 118 5600 00	25,481 25 78 40
198 000	Berkshire Hathaway Inc Cl B BRKB *HIGHLANDS FND AGY-SMA ROBECO*	23 474 88 118 5600 00	17,239 86 87 07
	Total Berkshire Hathaway Inc Cl B	**$62,006 88**	**$42,721 11**

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
731 000	Brocade Communications Sys BRCD *HIGHLANDS FND AGY-SMA ROBECO*	6,480 32 8 8650 00	5,061 71 6 92
173 000	Capital One Financial Corp COF *HIGHLANDS FND AGY-SMA ROBECO*	13,253 53 76 6100 00	10,287 36 59 46
59 000	Cbs Corp Class B Non Voting CBS *HIGHLANDS FND AGY-SMA ROBECO*	3,760 66 63 7400 7 08	1 972 96 33 44
83 000	Cigna Corp CI *HIGHLANDS FND AGY-SMA ROBECO*	7,260 84 87 4800 00	4,133 40 49 80
578 000	Cisco Sys Inc CSCO *HIGHLANDS FND AGY-SMA ROBECO*	12,964 54 22 4300 00	10,441 57 18 07
366 000	Citigroup Inc C *HIGHLANDS FND AGY-SMA ROBECO*	19,072 26 52 1100 00	12,242 58 33 45
424 000	Coach Inc COH *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	23,799 12 56 1300 143 10	21,649 26 51 06
387 000	Cognizant Tech Solutions Cl A CTSH *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	39,079 26 100 9800 00	23,987 41 61 98
256 000	Comcast Corp Cl A CMCSA *HIGHLANDS FND AGY-SMA ROBECO*	13,303 04 51 9650 49 92	7,772 33 30 36
123 000	Crown Holdings Inc CCK *HIGHLANDS FND AGY-SMA ROBECO*	5,482 11 44 5700 00	5 125 81 41 67
195 000	Cummins Inc CMI *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	27,489 15 140 9700 00	17,334 29 88 89
194 000	Cvs Caremark Corp CVS *HIGHLANDS FND AGY-SMA ROBECO*	13 884 58 71 5700 00	8,857 90 45 66

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
107 000	Discover Finl Svcs DFS *HIGHLANDS FND AGY-SMA ROBECO*	5,986 65 55 9500 00	4,234 46 39 57
63 000	Dover Corp DOV *HIGHLANDS FND AGY SMA ROBECO*	6,082 02 96 5400 00	3,590 37 56 99
1,497 000	E M C Corporation EMC *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	37,649 55 25 1500 00	31,462 99 21 02
27 000	E O G Res Inc EOG *HIGHLANDS FND AGY-SMA ROBECO*	4,531 68 167 8400 00	2,937 87 108 81
80 000	Equity Residential EQR *HIGHLANDS FND AGY-SMA ROBECO*	4 149 60 51 8700 52 00	4,651 94 58 15
513 000	Express Scripts Hldgs C ESRX *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	36,033 12 70 2400 00	22,918 05 44 68
135 000	Express Scripts Hldgs C ESRX *HIGHLANDS FND AGY-SMA ROBECO*	9,482 40 70 2400 00	7,666 72 56 79
	Total Express Scripts Hldgs C	**$45,515 52**	**$30,584 77**
326 000	Exxon Mobil Corp XOM *HIGHLANDS FND AGY-SMA ROBECO*	32,991 20 101 2000 00	26,223 02 80 44
378 000	Fifth Third Bancorp FITB *HIGHLANDS FND AGY-SMA ROBECO*	7,949 34 21 0300 45 36	4,767 87 12 61
147 000	First Energy Corp FE *HIGHLANDS FND AGY-SMA ROBECO*	4,848 06 32 9800 00	5,400 84 36 74
150 000	Gannett Inc GCI *HIGHLANDS FND AGY-SMA ROBECO*	4 437 00 29 5800 30 00	2,680 50 17 87

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
221 000	Gilead Sciences Inc GILD *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	16,597 10 75 1000 00	3,963 63 17 94
23 000	Global Payments Inc GPN *HIGHLANDS FND AGY-SMA ROBECO*	1,494 77 64 9900 00	1,283 63 55 81
34 000	Goldman Sachs Group Inc GS *HIGHLANDS FND AGY-SMA ROBECO*	6,026 84 177 2600 00	3,763 52 110 69
33 000	Google Inc Cl A GOOG *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	36,983 43 1,120 7100 00	16,800 07 509 09
49 000	Honeywell International Inc HON *HIGHLANDS FND AGY-SMA ROBECO*	4,477 13 91 3700 00	2,826 22 57 68
140 000	Iac Interactivecorp IACI *HIGHLANDS FND AGY-SMA ROBECO*	9,611 14 68 6510 00	6,146 75 43 91
77 000	International Paper Co IP *HIGHLANDS FND AGY-SMA ROBECO*	3,775 31 49 0300 00	2,833 99 36 81
317 000	J P Morgan Chase Co JPM *HIGHLANDS FND AGY-SMA ROBECO*	18,538 16 58 4800 00	10,865 84 34 28
170 000	Johnson Johnson JNJ *HIGHLANDS FND AGY-SMA ROBECO*	15,570 30 91 5900 00	10,603 45 62 37
97 000	Lear Corp LEA *HIGHLANDS FND AGY-SMA ROBECO*	7,854 09 80 9700 00	3,963 42 40 86
60 000	Liberty Media Corp Delaware LMCA *HIGHLANDS FND AGY-SMA ROBECO*	8,777 52 146 2920 00	5,763 79 96 06
60 000	Lockheed Martin Corp LMT *HIGHLANDS FND AGY-SMA ROBECO*	8,919 60 148 6600 .00	7,387 66 123 13

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
514 000	Lsi Corporation LSI *HIGHLANDS FND AGY-SMA ROBECO*	5,671 99 11 0350 00	3,759 88 7 32
271 000	M T Bank Corp MTB *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	31,549 82 116 4200 00	31,234 48 115 26
95 000	MacYs Inc M *HIGHLANDS FND AGY-SMA ROBECO*	5,073 00 53 4000 23 75	4,408 61 46 41
117 000	Marathon Oil Corporation MRO *HIGHLANDS FND AGY-SMA ROBECO*	4,130 10 35 3000 00	3,781 79 32 32
72 000	McKesson Corporation MCK *HIGHLANDS FND AGY-SMA ROBECO*	11,620 80 161 4000 17 28	6,473 52 89 91
82 000	Metlife Inc MET *HIGHLANDS FND AGY-SMA ROBECO*	4,421 44 53 9200 00	2,874 10 35 05
257 000	Microsoft Corp MSFT *HIGHLANDS FND AGY-SMA ROBECO*	9,614 37 37 4100 00	5,558 69 21 63
259 C00	Monster Beverage Corp MNST *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	17,552 43 67 7700 00	12,207 53 47 13
221 000	National Oilwell Varco Inc NOV *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	17,576 13 79 5300 00	12 534 08 56 72
163 000	Netapp Inc NTAP *HIGHLANDS FND AGY-SMA ROBECO*	6,705 82 41 1400 00	6,409 57 39 32
168 000	News Corp New Cl A W NWSA *HIGHLANDS FND AGY-SMA ROBECO*	3,027 36 18 0200 00	2 621 17 15 60
77 000	Norfolk Southrn Corp NSC *HIGHLANDS FND AGY-SMA ROBECO*	7,147 91 92 8300 00	5,647 31 73 34

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
137 000	Occidental Petroleum Corporation OXY *HIGHLANDS FND AGY-SMA ROBECO*	13,028 70 95 1000 87 68	7,502 50 54 76
126 000	Omnicare Inc OCR *HIGHLANDS FND AGY-SMA ROBECO*	7,605 36 60 3600 00	4,278 24 33 95
39 000	Omnicom Group Inc OMC *HIGHLANDS FND AGY-SMA ROBECO*	2,900 43 74 3700 15 60	1,885 26 48 34
516 000	On Semiconductor Corporation ONNN *HIGHLANDS FND AGY-SMA ROBECO*	4,251 84 8 2400 00	3,392 15 6 57
42 000	Parker Hannifin Corp PH *HIGHLANDS FND AGY-SMA ROBECO*	5,402 88 128 6400 00	3,222 24 76 72
640 000	Pfizer Inc PFE *HIGHLANDS FND AGY-SMA ROBECO*	19,603 20 30 6300 00	11 175 65 17 46
145 000	Phillips 66 PSX *HIGHLANDS FND AGY-SMA ROBECO*	11,183 85 77 1300 00	6,748 24 46 54
16 000	Priceline Com Inc PCLN *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	18,598 40 1,162 4000 00	9,524 32 595 27
545 000	Qualcomm Inc QCOM *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	40,466 25 74 2500 00	24,891 64 45 67
86 000	Qualcomm Inc QCOM *HIGHLANDS FND AGY-SMA ROBECO*	6,385 50 74 2500 00	5,546 21 64 49
	Total Qualcomm Inc	**$46,851 75**	**$30,437.85**
58 000	Quest Diagnostics Inc DGX *HIGHLANDS FND AGY-SMA ROBECO*	3,105 32 53 5400 00	3,476 80 59 95

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
80 000	Raytheon Company RTN *HIGHLANDS FND AGY-SMA ROBECO*	7,256 00 90 7000 44 00	4,408 80 55 11
47 000	Rock Tenn Co Cl A RKT *HIGHLANDS FND AGY-SMA ROBECO*	4,935 47 105 0100 00	3,458 26 73 58
33 000	Six Flags Entertainment SIX *HIGHLANDS FND AGY-SMA ROBECO*	1,215 06 36 8200 00	1,221 47 37 01
76 000	State Str Corp STT *HIGHLANDS FND AGY-SMA ROBECO*	5,577 64 73 3900 19 76	3,767 56 49 57
224 000	Stencycle Inc SRCL *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	26,022 08 116 1700 00	17,990 75 80 32
64 000	Symantec Corp SYMC *HIGHLANDS FND AGY-SMA ROBECO*	1 509 12 23 5800 00	1,115 52 17 43
38 000	Time Warner Cable Inc TWC *HIGHLANDS FND AGY-SMA ROBECO*	5,149 00 135 5000 00	3 598 18 94 69
160 000	Time Warner Inc TWX *HIGHLANDS FND AGY-SMA ROBECO*	11,155 20 69 7200 00	8 108 72 50 68
32 000	Travelers Cos Inc TRV *HIGHLANDS FND AGY-SMA ROBECO*	2,897 28 90 5400 00	2,510 08 78 44
226.000	Tyson Foods Inc Cl A TSN *HIGHLANDS FND AGY-SMA ROBECO*	7,561 96 33 4600 00	6,045 14 26 75
65 000	United Health Group Inc UNH *HIGHLANDS FND AGY-SMA ROBECO*	4,894 50 75 3000 00	3 606 52 55 49
67 000	Valero Energy Corp VLO *HIGHLANDS FND AGY-SMA ROBECO*	3,376 80 50 4000 00	3 129 84 46 71

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
265 000	Varian Med Sys Inc VAR *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	20,587 85 77 6900 00	14,423 60 54 43
308 000	Verisk Analytics Inc Cl A VRSK *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	20,241 76 65 7200 00	10,012 59 32 51
103 000	Visa Inc V *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	22,936 04 222 6800 00	7,215 71 70 06
497.000	Wells Fargo Co WFC *HIGHLANDS FND AGY-SMA ROBECO*	22,563 80 45 4000 00	12,459 94 25 07
48 000	Western Digital Corp WDC *HIGHLANDS FND AGY-SMA ROBECO*	4,027 20 83 9000 14 40	3,240 63 67 51
	Total Common Stocks	**$1,104,721 61** **644 95**	**$729,612.04**
	Foreign Stocks		
247 000	Abb Ltd A D R Repstg 1 Ord Sh ABB *HIGHLANDS FND AGY-SMA ACADIAN*	6,560 32 26 5600 00	6,221 91 25 19
78 000	Ace Ltd ACE *HIGHLANDS FND AGY-SMA ROBECO*	8,075 34 103 5300 00	5,925 34 75 97
821 000	Advanced Semiconductor Engineering A D R Repstg 5 Ord Shs ASX *HIGHLANDS FND AGY-SMA ACADIAN*	3,940 80 4 8000 00	4 102 06 5 00
405 000	Astrazeneca P L C Spsd A D R Repstg 1 Ord Sh AZN *HIGHLANDS FND AGY-SMA ACADIAN*	24,044 85 59 3700 00	20,892 30 51 59
33 000	Avago Technologies AVGO *HIGHLANDS FND AGY-SMA ROBECO*	1,745 01 52 8790 00	1,777 05 53 85

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
580 000	Avianca Holdings A D R Repstg 8 Ord Shs AVH *HIGHLANDS FND AGY-SMA ACADIAN*	8,955 20 15 4400 00	8,567 59 14 77
27 000	Axis Capital Holdings Ltd AXS *HIGHLANDS FND AGY-SMA ROBECO*	1,284 39 47 5700 7 29	974 64 36 10
80 000	Bp Plc Spons A D R Repstg 6 Ord BP *HIGHLANDS FND AGY-SMA ACADIAN*	3,888 80 48 6100 00	3,694 40 46 18
312 000	British Amern Tob Plc Sponsored Adr BTI *HIGHLANDS FND AGY-SMA ACADIAN*	33,515 04 107 4200 00	27,532 08 88 24
301 000	City Telecom Hk Ltd A D R Repstg 20 Ord Sh HKTV *HIGHLANDS FND AGY-SMA ACADIAN*	2,715 02 9 0200 00	1,867 53 6 20
321 000	Companhia Paranaense Ener Sp A D R Repstg 1000 Preference B Shs ELP *HIGHLANDS FND AGY-SMA ACADIAN*	4 217 94 13 1400 00	4 155 43 12 95
89,000	Covidien Plc COV *HIGHLANDS FND AGY-SMA ROBECO*	6,060 90 68 1000 00	3 307 94 37 17
320 000	Delhaize Group Spons A D R Repstg 1 Ord Sh DEG *HIGHLANDS FND AGY-SMA ACADIAN*	19,014 40 59 4200 00	21,466 23 67 08
1,553 000	Fly Leasing Ltd A D R Repstg 1 Ord Sh FLY *HIGHLANDS FND AGY-SMA ACADIAN*	24,956 71 16 0700 00	22 269 78 14 34
200 000	Fresenius Med Care Aktiengesellschaft Sponsored Adr FMS *HIGHLANDS FND AGY-SMA ACADIAN*	7 116 00 35 5800 00	6,666 93 33 34

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
665 000	Gerdau S A Spon A D R Repstg 1 Shs Sh GGB *HIGHLANDS FND AGY-SMA ACADIAN*	5,213 60 7 8400 00	5,281 63 7 94
94 000	Grupo Simec A D R Repstg 1 Ser B Shr SIM *HIGHLANDS FND AGY-SMA ACADIAN*	1,152 44 12 2600 00	1,151 41 12 25
803 000	Industrias Bachoco Sab De Cv A D R Repstg 1 Ser B & 1 Ser L Shs IBA *HIGHLANDS FND AGY-SMA ACADIAN*	32,336 81 40 2700 740 66	33,140 06 41 27
209 000	Infosys Technologies Sp A D R Repstg 1 Ord Shr INFY *HIGHLANDS FND AGY-SMA ACADIAN*	11,829 40 56 6000 00	10,985 01 52 56
106.000	Liberty Global Plc Series C LBTYK *HIGHLANDS FND AGY-SMA ROBECO*	8,937 92 84 3200 00	7,192 99 67 86
285 000	Melco Crown Entertainment Limited A D R MPEL *HIGHLANDS FND AGY-SMA ACADIAN*	11,177 70 39 2200 00	10,248 35 35 96
2,975 000	Mizuho Fnl Grp A D R One Adr Rprsnts 002 Ordinary Shrs MFG *HIGHLANDS FND AGY-SMA ACADIAN*	12,971 00 4 3600 00	13,105 94 4 41
206 000	Nice Sys Ltd Sponsored A D R NICE *HIGHLANDS FND AGY-SMA ACADIAN*	8,437 76 40 9600 00	7,829 81 38 01
983 000	Nippon Telegraph Tele A D R Repstg 5 Ord Sh NTT *HIGHLANDS FND AGY-SMA ACADIAN*	26,580 32 27 0400 00	26,205 98 26 66
1,931 000	Ntt Docomo Inc A D R Repstg 1/100TH Ord Sh DCM *HIGHLANDS FND AGY-SMA ACADIAN*	31,880 81 16 5100 00	30,383 84 15 74

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
179 000	Orix Corp Spons A D R Repstg 1/2 Ord Sh IX *HIGHLANDS FND AGY-SMA ACADIAN*	15 948 90 89 1000 00	10,545 73 58 92
186 000	Perrigo Co Ltd PRGO *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	28,543 56 153 4600 00	28,310 14 152 21
64 000	Pt Indosat A D R Repstg 50 Ord Sh PTINY *HIGHLANDS FND AGY-SMA ACADIAN*	1,024 00 16 0000 00	1,559 50 24 37
67 000	Reed Elsevier Nv A D R ENL *HIGHLANDS FND AGY-SMA ACADIAN*	2 858 89 42 6700 00	2,762 71 41 23
111 000	Royal Dutch Shell Plc A D R Repstg 2 Cl A Shrs RDSA *HIGHLANDS FND AGY-SMA ROBECO*	7,910 97 71 2700 00	7,499 16 67 56
260 000	Royal Dutch Shell Plc A D R Repstg 2 Cl A Shrs RDSA *HIGHLANDS FND AGY-SMA ACADIAN*	18,530 20 71 2700 00	17,421 53 67 01
	Total Royal Dutch Shell Plc A D R	**$26,441 17**	**$24,920.69**
186 000	Sanofi A D R Repstg 0 5 Ord Sh SNY *HIGHLANDS FND AGY-SMA ROBECO*	9,975 18 53 6300 00	8,558 60 46 01
232 000	Schlumberger Ltd SLB *HIGHLANDS FOUNDATION-SMA WEDGEWOOD*	20,905 52 90 1100 72 50	14,579 17 62 84
76 000	Schlumberger Ltd SLB *HIGHLANDS FND AGY-SMA ROBECO*	6,848 36 90 1100 23 75	5,506 27 72 45
	Total Schlumberger Ltd	**$27,753.88**	**$20,085 44**

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
79 000	Seagate Technology STX *HIGHLANDS FND AGY-SMA ROBECO*	4,436 64 56 1600 00	2,556 34 32 36
260 000	Shire Plc A D R Repstg 3 Ord Shs SHPG *HIGHLANDS FND AGY-SMA ACADIAN*	36,735 40 141 2900 00	33,099 95 127 31
36 000	Siemens Ag A D R Repstg 1 Sh SI *HIGHLANDS FND AGY-SMA ROBECO*	4,986 36 138 5100 00	4 086 70 113 52
323 000	Smith & Nephew P L C A D R Repstg 10 Shrs SNN *HIGHLANDS FND AGY-SMA ACADIAN*	23,172 02 71 7400 00	19,606 64 60 70
2,549 000	Sumitomo Mitsui Finl Group A D R Repstg 2 Ord Sh SMFG *HIGHLANDS FND AGY-SMA ACADIAN*	26,739 01 10 4900 00	24,871 59 9 76
77 000	Te Connectivity Ltd TEL *HIGHLANDS FND AGY-SMA ROBECO*	4,243 47 55 1100 00	2,480 94 32 22
447.000	Teva Pharmaceutical Inds Ltd A D R Repstg 1 Ord Sh TEVA *HIGHLANDS FND AGY-SMA ACADIAN*	17,915 76 40 0800 00	18,397 31 41 16
184 000	Total S A A D R Repstg 0 5 Ord Sh TOT *HIGHLANDS FND AGY-SMA ACADIAN*	11,273 68 61 2700 122 80	10 979 53 59 67
22 000	Toyota Mtr Corp A D R Repstg 1 Ord Sh TM *HIGHLANDS FND AGY-SMA ACADIAN*	2,682 24 121 9200 00	2 720 58 123 66
437 000	Trinity Biotech Plc Spon A D R Repstg 4 Ord Shrs TRIB *HIGHLANDS FND AGY-SMA ACADIAN*	10,986 18 25 1400 00	8,694 43 19 90

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
81 000	Tyco International Ltd TYC *HIGHLANDS FND AGY-SMA ROBECO*	3 324 24 41 0400 00	2 176 47 26 87
83 000	Validus Holdings Ltd VR *HIGHLANDS FND AGY-SMA ROBECO*	3,344 07 40 2900 00	3,026 18 36 46
123 000	Wacoal Holdings Corp A D R Repstg 1 Ord Sh WACLY *HIGHLANDS FND AGY-SMA ACADIAN*	6,265 62 50 9400 00	6,319 68 51 38
98 000	Westpac Banking Copr Sp Adr Repstg 5 Ord Sh WBK *HIGHLANDS FND AGY-SMA ACADIAN*	2,846 90 29 0500 00	2,670 89 27 25
490 000	Wns Holdings Ltd Adr Repstg 1 Ord Sh WNS *HIGHLANDS FND AGY-SMA ACADIAN*	10,735 90 21 9100 00	9,845 03 20 09
	Total Foreign Stocks	**$588,841 55** **967 00**	**$533,221.30**
	Equity Funds		
17 091 438	Aberdeen Fds Emrgn Mkt Instl #5840 ABEMX *HIGHLANDS FOUNDATION INC*	247,313 11 14 4700 00	228 788 55 13 39
10,779 637	American Europacific Grth F2 #616 AEPFX *HIGHLANDS FOUNDATION INC*	527,986 62 48 9800 00	412,526 00 38 27
11,079 262	Highland Long Short Equity Fund Class Z HEOZX *HIGHLANDS FOUNDATION INC*	138,823 15 12 5300 00	122,933 50 11 10
968 793	Neuberger Berman Genesis Insll Fd NBGIX *HIGHLANDS FOUNDATION INC*	59,968 29 61 9000 00	39,531 42 40 81

ASSET DETAIL (continued)

Shares or Face Amount	Security Description	Market Value/ Price/ Accrued Income	Tax Cost/ Unit Cost
4 183 105	Neuberger Berman Long Sh Ins NLSIX *HIGHLANDS FOUNDATION INC*	53,209 10 12 7200 00	50,251 04 12 01
39,052 657	Principal Gl R E Sec Ins #4905 POSIX *HIGHLANDS FOUNDATION INC*	318,669 68 8 1600 00	329,704 05 8 44
1,742 268	T Rowe Price Mid Cap Growth Fd #64 RPMGX *HIGHLANDS FOUNDATION INC*	126,802 27 72 7800 00	88,167 14 50 61
4,254 499	T Rowe Price Mid Cap Value Fd Inc #115 TRMCX *HIGHLANDS FOUNDATION INC*	127,847 69 30 0500 00	80 765 06 18 98
1,106 625	T Rowe Price Sm Cap Val #46 PRSVX *HIGHLANDS FOUNDATION INC*	55,740 70 50 3700 00	30,025 52 27 13
9,508 759	Tfs Market Neutral Fund TFSMX *HIGHLANDS FOUNDATION INC*	145 103 66 15 2600 00	140,097 38 14 73
	Total Equity Funds	**$1,801,464.27** **.00**	**$1,522,789 66**
Total Stocks		**$3,495,027.43**	**$2,785,623 00**

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	PUBLICLY TRADED SECURITIES-ST	P		
b	PUBLICLY TRADED SECURITIES-LT WASH SALES	P		
c	PUBLICLY TRADED SECURITIES-LT	P		
d	PUBLICLY TRADED SECURITIES-ST WASH SALES DISALLOW	P		
e	CAPITAL GAINS DIVIDENDS			
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				

	(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	706,474.		671,333.	35,141.
b	1,142.			1,142.
c	1,323,048.		1,035,292.	287,756.
d	3,489.			3,489.
e	30,509.			30,509.
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col (k), but not less than "-0-")
	(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				35,141.
b				1,142.
c				287,756.
d				3,489.
e				30,509.
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				

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	358,037.
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	N/A

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