



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



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

OMB No 1545-0052

2013Department of the Treasury
Internal Revenue Service▶ 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.

Open to Public Inspection

For calendar year 2013 or tax year beginning

, 2013, and ending

, 20

Name of foundation The Traverse Foundation		A Employer identification number 41-1734297
Number and street (or P O box number if mail is not delivered to street address) 200 South 6th Street	Room/suite 4000	B Telephone number (see instructions) 650-701-7663
City or town, state or province, country, and ZIP or foreign postal code Minneapolis, MN 55402		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) ▶ \$ 1,595,910	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 ☐

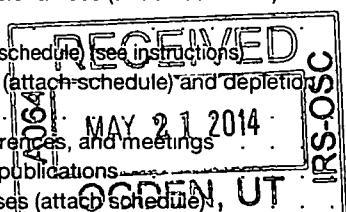
Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	0.			
	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	34,286.	34,286		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	437,732			
	b Gross sales price for all assets on line 6a 759,387.				
	7 Capital gain net income (from Part IV, line 2)		437,732.		
	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) (attach schedule)					
11 Other income (attach schedule)	16.	16.			
12 Total. Add lines 1 through 11	472,034.	472,034.			
Operating and Administrative Expenses	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)				
	c Other professional fees (attach schedule)	2,696.	2,696.		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	898.	898.		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	25.			25.
	24 Total operating and administrative expenses. Add lines 13 through 23	3,619.	3,594.		25.
	25 Contributions, gifts, grants paid	64,300.			64,300.
26 Total expenses and disbursements. Add lines 24 and 25	67,919.	3,594.		64,325.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	404,115.				
b Net investment income (if negative, enter -0-)		468,440.			
c Adjusted net income (if negative, enter -0-)					

For Paperwork Reduction Act Notice, see instructions.

Cat No 11289X

Form **990-PF** (2013)

SCANNED MAY 29 2014

P
14

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
				(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing					
	2 Savings and temporary cash investments					
	3 Accounts receivable ▶					
	Less: allowance for doubtful accounts ▶					
	4 Pledges receivable ▶					
	Less: allowance for doubtful accounts ▶					
	5 Grants receivable					
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)					
	7 Other notes and loans receivable (attach schedule) ▶					
	Less: allowance for doubtful accounts ▶					
	8 Inventories for sale or use					
	9 Prepaid expenses and deferred charges					
	10a Investments—U S and state government obligations (attach schedule)					
	b Investments—corporate stock (attach schedule)					
	c Investments—corporate bonds (attach schedule)					
	11 Investments—land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation (attach schedule) ▶					
	12 Investments—mortgage loans					
	13 Investments—other (attach schedule)			807,562.	1,263,490.	1,595,910.
	14 Land, buildings, and equipment basis ▶					
	Less: accumulated depreciation (attach schedule) ▶					
	15 Other assets (describe ▶)					
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)			807,562.	1,263,490.	1,595,910.
Liabilities	17 Accounts payable and accrued expenses					
	18 Grants payable					
	19 Deferred revenue					
	20 Loans from officers, directors, trustees, and other disqualified persons					
	21 Mortgages and other notes payable (attach schedule)					
	22 Other liabilities (describe ▶)					
	23 Total liabilities (add lines 17 through 22)			0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☒					
	24 Unrestricted			807,562.	1,263,490.	
	25 Temporarily restricted					
	26 Permanently restricted					
	Foundations that do not follow SFAS 117, check here ▶ ☐					
	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 instructions)			807,562.	1,263,490.	
	31 Total liabilities and net assets/fund balances (see instructions)			807,562.	1,263,490.	

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	807,562.
2 Enter amount from Part I, line 27a	2	404,115.
3 Other increases not included in line 2 (itemize) ▶ <u>Checks outstanding at year end</u>	3	53,500.
4 Add lines 1, 2, and 3	4	1,265,177.
5 Decreases not included in line 2 (itemize) ▶ <u>Timing</u>	5	1,687.
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	1,263,490.

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			Various	Various
b Publicly Traded Securities: Capital Gains Distributions				
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 759,387.		322,721.	436,666.	
b			1,066.	
c				
d				
e				
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				
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	437,732.
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	

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.

(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	64,025.	1,305,953.	.04903
2011	62,025.	1,282,433.	.04837
2010	56,025.	1,251,253.	.04478
2009	67,799.	1,130,372.	.05998
2008	79,643.	1,377,429.	.05782
2 Total of line 1, column (d)			2 0.25998
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 0.05200
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5			4 1,431,117.
5 Multiply line 4 by line 3			5 74,412.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 4,684.
7 Add lines 5 and 6			7 79,096.
8 Enter qualifying distributions from Part XII, line 4 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.			8 64,325.

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b	1	9,369.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0.
3	Add lines 1 and 2	3	9,369.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	9,369.
6	Credits/Payments:		
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a	1,309.
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	1,309.
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	0.
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	8,060.
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?		✓
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		✓
c Did the foundation file Form 1120-POL for this year?		✓
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ \$ _____ (2) On foundation managers. ▶ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities</i>		✓
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		✓
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		✓
b If "Yes," has it filed a tax return on Form 990-T for this year?		✓
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		✓
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?	✓	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	✓	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ Minnesota		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>	✓	
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)? <i>If "Yes," complete Part XIV</i>		✓
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		✓

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		✓
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		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	✓	
Website address ▶ None				
14	The books are in care of ▶ Norman W. Harris III	Telephone no. ▶	650-701-7663	
	Located at ▶ 1200 Hillview Drive, Menlo Park, CA	ZIP+4 ▶	94025-5511	
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 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	Yes	No
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			✓

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 instructions)?	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	✓
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 ▶ 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 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.)	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
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	✓

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)? ☐ Yes ☒ NoOrganizations 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? ☐ Yes ☒ 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? ☐ Yes ☒ No**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
See Schedule 3				

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 ☐ 0

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

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
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.

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 (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2		Amount
1	None	
2		
All other program-related investments See 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	1,452,911.
b	Average of monthly cash balances	1b	
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	1,452,911.
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	1,452,911.
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	21,794.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,431,117.
6	Minimum investment return. Enter 5% of line 5	6	71,556.

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	71,556.
2a	Tax on investment income for 2013 from Part VI, line 5	2a	9,369.
b	Income tax for 2013. (This does not include the tax from Part VI)	2b	0.
c	Add lines 2a and 2b	2c	9,369.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	62,187.
4	Recoveries of amounts treated as qualifying distributions	4	0
5	Add lines 3 and 4	5	62,187.
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	62,187.

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	64,325.
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	64,325.
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	64,325.

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				62,187.
2 Undistributed income, if any, as of the end of 2013				
a Enter amount for 2012 only			30,536.	
b Total for prior years 20 __, 20 __, 20 __		0.		
3 Excess distributions carryover, if any, to 2013:				
a From 2008				
b From 2009				
c From 2010				
d From 2011				
e From 2012				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2013 from Part XII, line 4: ► \$ <u>64,325.</u>				
a Applied to 2012, but not more than line 2a			30,536.	
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				33,789.
e Remaining amount distributed out of corpus	0.			
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	0.			
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 instructions			0.	
f Undistributed income for 2013. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014				28,398.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2008 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9.				
a Excess from 2009				
b Excess from 2010				
c Excess from 2011				
d Excess from 2012				
e Excess from 2013				

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 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)

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) 2013	(b) 2012	(c) 2011	(d) 2010	
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 $\frac{2}{3}$ of minimum investment return shown in Part X, line 6 for each year listed				
c "Support" alternative test—enter:				
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)				
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)				
(3) Largest amount of support from an exempt organization				
(4) Gross investment income				

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

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

None

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

None

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

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

- a** The name, address, and telephone number or e-mail 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 <i>Paid during the year</i> See Schedule #4				
Total			3a	64,300.
b <i>Approved for future payment</i> See Schedule #4				
Total			3b	195,000.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue:					
a	_____					
b	_____					
c	_____					
d	_____					
e	_____					
f	_____					
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments					
4	Dividends and interest from securities . . .			14	34,286.	
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			18	16.	
8	Gain or (loss) from sales of assets other than inventory			18	437,732.	
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)				472,034.	
13	Total. Add line 12, columns (b), (d), and (e) . .				472,034.	

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

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

[illegible]

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

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

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

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] *[Signature]*
 Signature of officer or trustee Date Title

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

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

	<u>Column (a)</u>	<u>Column (b)</u>	<u>Column (d)</u>
<u>Part I, Line 11</u>			
Shareholder litigation	16	16	NA
<u>Part I, Line 16c</u>			
Agency fees	2,696	2,696	0
<u>Part I, Line 18</u>			
Foreign taxes			
Smith Barney account	176.	176.	0
Harris NA account	<u>722.</u>	<u>722.</u>	0
Total Foreign taxes (to line 18)	898.	898.	0
<u>Part I, Line 23</u>			
Minnesota filing fee	25.	0	25.

Form 990-PF

2013

The Traverse Foundation

#41-1734297

Part II, Line 13

<u>Investment</u>	<u>Column (a) Beginning Book Value</u>	<u>Column (b) End of Year Book Value</u>	<u>Column (c) End of Year Market Value</u>
Morgan Stanley.	191,263.	252,729	369,953.
BMO Harris NA.	616,299.	1,010,761.	1,225,957.
Total	807,562.	1,263,490.	1,595,910.

For detail see attached schedules: Schedule 2-A and 2-B.

Morgan Stanley

CLIENT STATEMENT | For the Period December 1-31, 2013

Page 1 of 3

Account Detail

Active Assets Account THE TRAVERSE FOUNDATION
1200 HILLVIEW DRIVE

Investment Objectives†: Capital Appreciation, Income, Speculation, Aggressive Income

Brokerage Account

† See the Expanded Disclosures for more information about investment objectives. Please review for accuracy and inform us if your investment objectives change.

HOLDINGS

This section reflects positions purchased/sold on a trade date basis, and will include positions purchased and omit positions sold in the current month. "Market Value" and "Unrealized Gain/(Loss)" are representative values as of the last business day of the statement period indicated, may not reflect the value that could be obtained in the market. See "Pricing of Securities" in the Expanded Disclosures. Fixed Income securities are sorted by maturity or pre-refunding date, and alphabetically within date. Estimated annual income and estimated yield for certain securities may include return of principal or capital gains which could overstate such estimates. Actual income or yield may be lower or higher than the estimates. Estimated yield reflects only the income generated by an investment and, it does not reflect changes in its price, which may fluctuate. Structured products appear in various statement product categories and are identified as "Structured Products" in the Security Description column. Estimated accrued interest, estimated annual income and estimated yield for structured products with a contingent income feature (such as Range Accrual Notes or Contingent Income Notes) assume specified accrual conditions are met during the relevant observation period and payment in full of all contingent interest. If you hold structured products, see "Special Considerations Regarding Structured Products" in the Disclosures. New Treasury regulations require that we report on Form 1099-B after the close of the tax year your adjusted cost basis and classify the gain or loss as either long-term or short-term on the sale of covered securities acquired on or after January 1, 2011. These regulations also require that we make basis adjustments on covered securities due to wash sales, certain corporate actions and transfers by gift or inheritance, which will be reflected on your Form 1099-B. Cost basis is reflected on monthly statements for informational purposes only and should not be used in the preparation of your income tax returns. Refer to the Expanded Disclosures for additional information.

CASH, BANK DEPOSIT PROGRAM AND MONEY MARKET FUNDS

Cash, Bank Deposit Program, and Money Market Funds are generally displayed on a settlement date basis. Estimated Annual Income, Accrued Interest, and APY% will only be displayed for fully settled positions.

Description	Value	Estimated Annual Income	7-Day Current Yield %	Annual Percentage Yield %
CASH	\$ 275.73			
MORGAN STANLEY PRIVATE BANK NA #	67,929.23	7.00	—	0.010
	Percentage of Assets %	Market Value	Estimated Annual Income	Estimated Annual Income
CASH, BDP, AND MMIFs	18.4%	\$ 68,204.96		
			Accrued Interest	
			\$ 7.00	
			\$ 0.00	

Bank Deposits are held at either (1) Morgan Stanley Bank, N.A., and/or Morgan Stanley Private Bank, National Association, affiliates of Morgan Stanley Smith Barney LLC, or (2) Citibank, N.A., each a national bank and FDIC member.

EXCHANGE-TRADED & CLOSED-END FUNDS

Security Description	Trade Date	Quantity	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income	Dividend Yield %
VANGUARD FTSE DEVELOPED MKTS E (VEA)	3/18/08	164,000	\$ 43.756	\$ 7,176.00	\$ 6,835.52	\$ (340.48) LT		
	5/16/08	164,000	48.492	7,952.64	6,835.52	(1,117.12) LT		
	2/10/09	1,230,000	24.333	29,929.06	51,266.40	21,337.34 LT		
Total		1,558,000		45,057.70	64,937.44	19,879.74 LT	1,687.31	2.59

Share Price: \$ 41.680; Next Dividend Payable 03/2014

Morgan Stanley

THE TRAVERSE FOUNDATION
1200 HILLVIEW DRIVE

Active Assets Account

[illegible][illegible]

EXCHANGE-TRADED & CLOSED-END FUNDS	ST. LOUIS	ST. LOUIS	ST. LOUIS
	77.9%	\$ 169,231.94	\$ 119,019.80 LT
		\$ 286,251.74	\$ 6,175.88
			\$ 0.00
			2.14%

OTHER MUTUAL FUNDS

OTHER MUTUAL FUNDS

"Total Purchases vs Market Value" is provided to assist you in comparing your "Total Purchases," excluding reinvested distributions, with the current value of the mutual fund positions in your account.

"Cumulative Cash Distributions" when shown, may reflect distributions on shares no longer held in the account. It may not reflect all distributions received in cash, due to but not limited to the following investments made prior to addition of this information on statements: securities transfers, timing of recent distributions, and certain adjustments made in your account.

"Net Value Increase/ (Decrease)" reflects the difference between your total purchases, and the sum of the fund's shares, and cash distributions shown **only and does not reflect your total unrealized gain or loss nor should it be used for tax purposes** This calculation is for informational purposes

Security Description	Trade Date	Quantity	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income	Dividend Yield %
PIMCO COMM REAL RET STRAT C (PCRCX)	5/17/13	2,521.008	\$ 950	\$ 15,000.00	\$ 13,210.08	\$(1,789.92) ST		
Purchases		2,521.008		15,000.00	13,210.08	(1,789.92) ST		
		54.555		292.02	285.87	(6.15) ST		
Short Term Reinvestments								
	Total	2,575.563		15,292.02	13,495.95	(1,796.07) ST	63.00	0.46
Total Purchases vs Market Value Net Value Increase/(Decrease) Share Price \$5.240, Enrolled In MS Dividend Reinvestment, Capital Gains Reinvest				15,000.00	13,495.95 (1,504.05)			

Morgan Stanley

CLIENT STATEMENT | For the Period December 1-31, 2013

Page 3 of 3

Active Assets Account THE TRAVERSE FOUNDATION
1200 HILLVIEW DRIVE

Account Detail

MUTUAL FUNDS				Estimated	
Percentage of Assets %	Total Cost	Market Value	Unrealized Gain/(Loss)	Annual Income Accrued Interest	Yield %
3.6%	\$ 15,292.02	\$ 13,495.95	\$ (1,796.07) ST	\$ 63.00	0.47%
				\$ 0.00	

Transactions in mutual fund positions held directly at the Fund Company are not included in the total above and are not reflected on the Summary Page
For more information about the pricing of Money Market Funds, please see the Expanded Disclosures

TOTAL MARKET VALUE				Estimated	
Percentage of Assets %	Total Cost	Market Value	Unrealized Gain/(Loss)	Annual Income Accrued Interest	Yield %
100.0%	\$ 184,523.96	\$ 369,952.65	\$ 119,019.80 LT \$ (1,796.07) ST	\$ 6,245.88	1.69%
		\$ 369,952.65		\$ 0.00	

TOTAL VALUE (includes accrued interest)

Unrealized Gain/(Loss) totals only reflect positions that have cost basis and/or market value information available Cash, MMF, Deposits and positions stating 'Please Provide' are not included

Details of assets in your account

DESCRIPTION OF ASSET	QUANTITY	X	CURRENT UNIT VALUE	CURRENT TOTAL = MARKET VALUE	FEDERAL TAX COST	UNREALIZED GAIN/LOSS	ESTIMATED ANNUAL INCOME	YIELD
CASH & SHORT-TERM								
VIRTUS INSIGHT GOVERNMENT MONEY MARKET FUND I	75,895.330		1.0000	75,895.33	75,895.33	0.00	7.59	0.01%
TOTAL CASH & SHORT-TERM				\$75,895.33	\$75,895.33	\$0.00	\$7.59	.01%
FIXED INCOME/LOW VOLATILITY								
Corporate and other taxable								
VANGUARD SHORT-TERM BOND INDEX	9,425.071		10.4900	98,868.99	100,000.00	-1,131.01	1,215.83	1.23%
Total Corporate and other taxable				\$98,868.99	\$100,000.00	-\$1,131.01	\$1,215.83	1.23%
TOTAL FIXED INCOME/LOW VOLATILITY				\$98,868.99	\$100,000.00	-\$1,131.01	\$1,215.83	1.23%
EQUITY/HIGH VOLATILITY								
U.S. equity funds								
VANGUARD EXTENDED MARKET ETF Small cap diversified equity	595.000		82.7000	49,206.50	30,326.61	18,879.89	545.02	1.11%
VANGUARD S&P 500 ETF Large cap growth	3,412.000		169.1500	577,139.80	529,746.44	47,393.36	10,604.50	1.84%
Total U.S. equity funds				\$626,346.30	\$560,073.05	\$66,273.25	\$11,149.52	1.78%
International								
VANGUARD FTSE DEVELOPED MARKETS ETF Diversified	6,245.000		41.6800	260,291.60	151,833.84	108,457.76	6,763.34	2.60%
VANGUARD FTSE EMERGING MARKETS ETF Emerging	1,975.000		41.1400	81,251.50	58,028.52	23,222.98	2,221.88	2.73%
Total International				\$341,543.10	\$209,862.36	\$131,680.74	\$8,985.22	2.63%
REITS								

• Details of assets in your account (continued)

DESCRIPTION OF ASSET	QUANTITY	X	CURRENT UNIT VALUE	CURRENT TOTAL = MARKET VALUE	FEDERAL TAX COST	=	UNREALIZED GAIN/LOSS	ESTIMATED ANNUAL INCOME	YIELD
VANGUARD REIT ETF	VNQ	505 000	64.5600	32,602.80	14,959.97		17,642.83	1,409.46	4.32%
Domestic reits									
Total REITS				\$32,602.80	\$14,959.97		\$17,642.83	\$1,409.46	4.32%
Commodities									
CREDIT SUISSE COMMODITY RETURN	CRSOX	4,723 347	7.2300	34,149.80	35,000.00		-850.20	0.00	0.00%
STRATEGY I									
Commodities									
RS GLOBAL NATURAL RESOURCES FUND	RSNYX	462 820	35.7600	16,550.44	15,000.00		1,550.44	0.00	0.00%
Commodities									
Total Commodities				\$50,700.24	\$50,000.00		\$700.24	\$0.00	00%
TOTAL EQUITY/HIGH VOLATILITY				\$1,051,192.44	\$834,895.38		\$216,297.06	\$21,544.20	2.05%
TOTAL ASSETS IN YOUR ACCOUNT				\$1,225,956.76	\$1,010,790.71		\$215,166.05	\$22,767.62	1.86%

Part VIII, Line 1

<u>Name and address (a)</u>	<u>Title and time (b)</u>	<u>Compensation (c, d, e)</u>
Norman W. Harris III The Traverse Foundation 200 S. 6th Street, Suite 4000 Minneapolis, MN 55402	President, Treasurer and Director .4 hours / week	None
Blake C. Harris The Traverse Foundation 200 S. 6th Street, Suite 4000 Minneapolis, MN 55402	Vice-President and Director .1 hours / week	None
Norman W. Harris IV The Traverse Foundation 200 S. 6th Street, Suite 4000 Minneapolis, MN 55402	Vice-President and Director .1 hours / week	None
Linda B. Harris The Traverse Foundation 200 S. 6th Street, Suite 4000 Minneapolis, MN 55402	Secretary and Director .2 hours / week	None
Leslie T. Harris The Traverse Foundation 200 S. 6th Street, Suite 4000 Minneapolis, MN 55402	Director .1 hours / week	None

The Traverse Foundation

#41-1734297

Part XV, Line 3a: Grants and Contributions Paid during the year

<u>Recipient: Name and address</u>	<u>Status</u>	<u>Purpose of Grant</u>	<u>Amount</u>
FINCA International 1101 14th Street NW Washington, DC 20005	Exempt	Village bank program	1,000
The First Tee of Boyne Highlands PO Box 613 Harbor Springs, MI 49740	Exempt	Youth character education	1,000
Friends of Alta Alta, Utah 84092	Exempt	Environmental protection	5,300
Friends of Urban Forest Presidio of San Francisco, Bldg. 1007 San Francisco, CA 94129	Exempt	Environmental protection	1,500
Harbor Springs Area Historical Society PO Box 812 Harbor Springs, MI 49740	Exempt	General operating support	1,000
Himalayan Rescue Association Nepal Dhobichaur, Lazimpat PO Box No. 4944, Kathmandu, Nepal	Exempt	General operating support	1,500
The Marine Mammal Center 2000 Bunker Road Sausalito, CA 94965	Exempt	General operating support	1,000

Peninsula Open Space Trust 222 High Street Palo Alto, CA 94301	Exempt	General operating support	1,000
AFS-USA, Inc. One Whitehall Street New York, NY 10004	Exempt	Scholarships and operations	4,000
Little Traverse Conservancy 3264 Powell Road Harbor Springs, MI 49740	Exempt	Environmental protection	3,000
The Nature Conservancy Massachusetts Chapter 99 Bedford Street, 5 th Floor Boston, MA 02111	Exempt	General operating support	2,000
The Nature Conservancy Minnesota Chapter 1101 West River Parkway, Suite 200 Minneapolis, MN 55415-1291	Exempt	General operating support	4,000
The Nature Conservancy Minnesota Chapter 1101 West River Parkway, Suite 200 Minneapolis, MN 55415-1291	Exempt	Land protection	38,000
<u>Total Line 3a</u>			<u>64,300</u>

Part XV, Line 3b: Grants and Contributions Approved for future payment

<u>Recipient: Name and address</u>	<u>Status</u>	<u>Purpose of Grant</u>	<u>Amount</u>
The Nature Conservancy Minnesota Chapter 1101 West River Parkway, Suite 200 Minneapolis, MN 55415-1291	Exempt	Land protection	195,000
<u>Total Line 3b</u>			<u>195,000</u>