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Form

990-PF

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

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

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

OMB No 1545-0052




2013



Open to Public Inspection

For calendar year 2013, or tax year beginning 01-01-2013 , and ending 12-31-2013

Name of foundation HILLSWOOD FOUNDATION		A Employer identification number 41-1948564	
Number and street (or P O box number if mail is not delivered to street address) 3340 HILL LANE		B Telephone number (see instructions) (952) 473-7967	
City or town, state or province, country, and ZIP or foreign postal code DEEPHAVEN, MN 55391		C If exemption application is pending, check here ▶ <input type="checkbox"/>	
G Check all that apply <div><input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Address change</div> <div><input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Amended return <input type="checkbox"/> Name change</div>		D 1. Foreign organizations, check here ▶ <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation ▶ <input type="checkbox"/>	
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ <input type="checkbox"/>	
I Fair market value of all assets at end of year (from Part II, col. (c), line 16)▶ \$ 3,932,600	J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ <input type="checkbox"/>	

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received (attach schedule)				
	2 Check ▶ <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	25	25		
	4 Dividends and interest from securities.	98,671	98,672		
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10	254,365			
	b Gross sales price for all assets on line 6a 4,347,220				
	7 Capital gain net income (from Part IV, line 2) . . .		234,181		
	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)	570	3,417	0	
	12 Total. Add lines 1 through 11	353,631	336,295	0	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0	0	0	0
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	5,415	2,708	0	2,707
	c Other professional fees (attach schedule)	42,143	42,143	0	0
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	1,339	1,339	0	0
	19 Depreciation (attach schedule) and depletion . . .				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	562	905	0	25
	24 Total operating and administrative expenses. Add lines 13 through 23	49,459	47,095	0	2,732
	25 Contributions, gifts, grants paid	300,000			300,000
	26 Total expenses and disbursements. Add lines 24 and 25	349,459	47,095	0	302,732
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	4,172			
	b Net investment income (if negative, enter -0-)		289,200		
	c Adjusted net income (if negative, enter -0-)			0	

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing		41,493	41,493
	2	Savings and temporary cash investments	136,992	157,341	157,341
	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)	64,067	 608,109	599,053
	b	Investments—corporate stock (attach schedule)	3,132,254	 2,295,856	2,593,065
	c	Investments—corporate bonds (attach schedule).	0	 556,998	541,648
	11	Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	327,000		
	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)	3,660,313	3,659,797	3,932,600	
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 ▶ <input type="checkbox"/> 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 ▶ <input checked="" type="checkbox"/> 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	3,660,313	3,659,797	
	30	Total net assets or fund balances (see page 17 of the instructions)	3,660,313	3,659,797	
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	3,660,313	3,659,797		

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 3,660,313
2	Enter amount from Part I, line 27a	2 4,172
3	Other increases not included in line 2 (itemize) ▶ 	3 396
4	Add lines 1, 2, and 3	4 3,664,881
5	Decreases not included in line 2 (itemize) ▶ 	5 5,084
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6 3,659,797

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	See Additional Data Table			
b				
c				
d				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a See Additional Data Table			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a See Additional Data Table			
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	234,181
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

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries			
(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2012	150,974	3,580,207	0 042169
2011	198,241	3,613,660	0 054859
2010	150,025	3,568,363	0 042043
2009	102,601	3,216,679	0 031897
2008	127,837	4,016,928	0 031825

2	Total of line 1, column (d).	2	0 202793
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 040559
4	Enter the net value of noncharitable-use assets for 2013 from Part X, line 5.	4	3,694,812
5	Multiply line 4 by line 3.	5	149,858
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	2,892
7	Add lines 5 and 6.	7	152,750
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	302,732

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)			
1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> 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 <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	2,892
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	2,892
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	2,892
6 Credits/Payments			
a 2013 estimated tax payments and 2012 overpayment credited to 2013	6a	1,847	
b Exempt foreign organizations—tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c	6,311	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d.		7	8,158
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached.		8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed <input type="checkbox"/>		9	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid . . . <input type="checkbox"/>		10	5,266
11 Enter the amount of line 10 to be Credited to 2014 estimated tax <input type="checkbox"/> 5,266 Refunded <input type="checkbox"/>		11	0

Part VII-A Statements Regarding Activities			
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		Yes	No
	1a		No
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? <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>			No
	1b		No
c Did the foundation file Form 1120-POL for this year?.	1c		No
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ _____ 0 (2) On foundation managers <input type="checkbox"/> \$ _____ 0			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____ 0			
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>	2		No
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>	3		No
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?.	4a		No
b If "Yes," has it filed a tax return on Form 990-T for this year?.	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>	5		No
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	Yes	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>	7	Yes	
8a Enter the states to which the foundation reports or with which it is registered (see instructions): <input type="checkbox"/> MN _____			
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>	8b	Yes	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2013 or the taxable year beginning in 2013 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	9		No
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses.</i>	10		No

Part VII-A

Statements Regarding Activities *(continued)*

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions).	11		No
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	
Website address N/A				
14	The books are in care of JANE LARSON EMISON Telephone no (952) 473-7967 Located at 3340 HILL LANE DEPPHAVEN MN ZIP+4 55391			
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 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?			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?			
	(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)?			
	(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).			
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here.	1b		
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2013?	1c		No
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? 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?			
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		No
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2013?	4b		No

Part VII-B

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

5a

During the year did the foundation pay or incur any amount to

(1)

Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

Yes

No

(2)

Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

Yes

No

(3)

Provide a grant to an individual for travel, study, or other similar purposes?

Yes

No

(4)

Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions).

Yes

No

(5)

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

Yes

No

b

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

5b

Organizations relying on a current notice regarding disaster assistance check here.

c

If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

Yes

No

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

6a

Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

Yes

No

b

Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

6b

No

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

7a

At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

Yes

No

b

If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

7b

Part VIII

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

1

List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Additional Data Table				

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
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	
2	
3	
4	

Part IX-B

Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments. See page 24 of the 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	3,469,266
b	Average of monthly cash balances.	1b	262,898
c	Fair market value of all other assets (see instructions).	1c	18,914
d	Total (add lines 1a, b, and c).	1d	3,751,078
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	3,751,078
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	56,266
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	3,694,812
6	Minimum investment return. Enter 5% of line 5.	6	184,741

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	184,741
2a	Tax on investment income for 2013 from Part VI, line 5.	2a	2,892
b	Income tax for 2013 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	2,892
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	181,849
4	Recoveries of amounts treated as qualifying distributions.	4	0
5	Add lines 3 and 4.	5	181,849
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	181,849

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	302,732
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	302,732
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	2,892
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	299,840
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				181,849
2 Undistributed income, if any, as of the end of 2013				
a Enter amount for 2012 only.			6,604	
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 ▶ \$ 302,732				
a Applied to 2012, but not more than line 2a			6,604	
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.				181,849
e Remaining amount distributed out of corpus	114,279			
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	114,279			
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				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions).	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	114,279			
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. . . .	114,279			

Part XIVPrivate 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 organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

☐ 4942(j)(3) or ☐ 4942(j)(5)

2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed.	Tax year	Prior 3 years			(e) Total
		(a) 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 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 XVSupplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see instructions.)

1

Information Regarding Foundation Managers:

a

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

b

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

2

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

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

a

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

b

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

c

Any submission deadlines

d

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

Part XV

Supplementary Information (continued)

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year See Additional Data Table				
Total			3a	300,000
b Approved for future payment				
Total			3b	0

Enter gross amounts unless otherwise indicated

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) (See instructions)

Form **990-PF** (2013)

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
PUBLICLY TRADED SECURITIES			
CASH IN LIEU OF FRACTIONAL SHARE			
UBS WILLOW FUND LLC - SCH K-1 SHORT TERM	P		
UBS WILLOW FUND LLC - BASIS ADJ ON SALE	P		
UBS WILLOW FUND LLC - SCH K-1 LONG TERM	P		
CAPITAL GAINS DIVIDENDS	P		

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
4,321,700		4,092,855	228,845
30			30
			-251
			335,569
			-355,502
25,490			25,490

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
			228,845
			30
			-251
			335,569
			-355,502
			25,490

Form 990PF Part VIII Line 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
JANE B LARSON EMISON	PRESIDENT 6 00	0	0	0
3340 HILL LANE DEEPHAVEN, MN 55391				
THOMAS W EMISON	SECRETARY 5 00	0	0	0
3340 HILL LANE DEEPHAVEN, MN 55391				
WILLIAM A EMISON	TREASURER 6 00	0	0	0
3340 HILL LANE DEEPHAVEN, MN 55391				
CATHERINE EMISON STOICK	DIRECTOR 5 00	0	0	0
3340 HILL LANE DEEPHAVEN, MN 55391				
ELIZABETH A EMISON	DIRECTOR 5 00	0	0	0
3340 HILL LANE DEEPHAVEN, MN 55391				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
ANURAG SOCIETY PO BOX 14284 ST PAUL,MN 55114	NONE	EXEMPT	PROGRAM SUPPORT	18,333
BOYS & GIRLS CLUB OF THE TWIN CITIES 2575 UNIVERSITY AVENUE WEST 100 ST PAUL,MN 55114	NONE	EXEMPT	PROGRAM SUPPORT	30,000
DEPAUW UNIVERSITY 309 SOUTH LOCUST STREET GREENCASTLE,IN 46135	NONE	EXEMPT	PROGRAM SUPPORT	150,000
INDIANA HISTORICAL SOCIETY 450 WEST OHIO STREET INDIANAPOLIS,IN 46202	NONE	EXEMPT	PROGRAM SUPPORT	30,000
MICRO GRANTS ORGANIZATION 1035 E FRANKLIN AVENUE MINNEAPOLIS,MN 55404	NONE	EXEMPT	GENERAL EXPENSE FUND	12,000
MULTIPLE SCLEROSIS SOCIETY OF MN 200 12TH AVENUE SOUTH MINNEAPOLIS,MN 55415	NONE	EXEMPT	GENERAL EXPENSE FUND	18,334
WATER COLLECTIVE INC 247 W 35TH ST NEWYORK,NY 10001	NONE	EXEMPT	PROGRAM SUPPORT	13,000
BOYS & GIRLS CLUBS OF BAINBRIDGE 8521 MADISON AVENUE NE BAINBRIDGE ISLAND,WA 98110	NONE	EXEMPT	PROGRAM SUPPORT	18,333
JAMES DEAN BYRD FDN 411 WALNUT STREET GREEN COVE SPRINGS,FL 32043	NONE	EXEMPT	PROGRAM SUPPORT	10,000
Total			3a	300,000

TY 2013 Accounting Fees Schedule

Name: HILLSWOOD FOUNDATION

EIN: 41-1948564

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	5,415	2,708	0	2,707

**TY 2013 Investments Corporate
Bonds Schedule****Name:** HILLSWOOD FOUNDATION**EIN:** 41-1948564

Name of Bond	End of Year Book Value	End of Year Fair Market Value
FIXED INCOME SHARES - SERIES C F CL INSTL - 23128 SHS	294,836	281,930
FIXED INCOME SHARES SERIES M F CL INSTL - 24548 SHS	262,162	259,718

TY 2013 Investments Corporate
Stock Schedule

Name: HILLSWOOD FOUNDATION
EIN: 41-1948564

Name of Stock	End of Year Book Value	End of Year Fair Market Value
AES CORP - 434 SHS	6,589	6,297
AFLAC INC - 312 SHS	17,985	20,842
ALTERA CORP - 25 SHS	827	813
ALTRIA GROUP INC - 424 SHS	15,317	16,277
AMAZON COM INC - 122 SHS	28,452	48,652
AMER EXPRESS COMPANY - 239 SHS	18,002	21,684
AMERICAN CAG AGY CORP - 411 SHS	13,126	7,928
AMGEN INC COM PV - 145 SHS	14,726	16,542
ANALOG DEVICES INC - 64 SHS	2,984	3,260
APACHE CORP - 157 SHS	13,687	13,493
APARTMENT INVT & MGMT CO - 463 SHS	13,433	11,996
APPLE INC - 36 SHS	16,196	20,197
ARM HLDGS PLC - 402 SHS	15,939	22,002
AUTODESK INC DEL - 399 SHS	13,772	20,077
AUTOMATIC DATA PROC - 132 SHS	9,182	10,665
BAXTER INTERNTL - 81 SHS	5,924	5,634
CAMPBELL SOUP CO - 274 SHS	12,351	11,729
CATERPILLAR INC DEL - 18 SHS	1,568	1,635
CBOE HOLDINGS INC - 363 SHS	15,805	18,861
CF INDS HLDGS INC - 56 SHS	9,606	13,050
CHEVRON CORP - 96 SHS	11,662	11,991
CISCO SYSTEMS INC - 1516 SHS	37,419	34,004
COACH INC - 223 SHS	11,890	12,517
COCA COLA - 328 SHS	13,415	13,550
COLGATE PALMOLIVE - 153 SHS	8,336	9,977
CONTINENTAL RESOURCES - 120 SHS	12,186	13,502
DANONE-SPONS - 1871 SHS	28,879	27,167
DIAGEO PLC SPSD ADRE NEW - 19 SHS	2,241	2,516
DISCOVER FINL SVCS - 318 SHS	14,672	17,792
EATON VANCE CORP NVT - 349 SHS	14,051	14,934

Name of Stock	End of Year Book Value	End of Year Fair Market Value
ENDO HEALTH SOLU INC - 73 SHS	2,846	4,925
EXPEDITORS INTL WASH INC - 537 SHS	21,750	23,762
EXXON MOBIL CORP - 151 SHS	13,872	15,281
FACEBOOK INC - 627 SHS	19,070	34,265
FACTSET RESH SYS INC - 128 SHS	12,761	13,898
FRANKLIN RES INC - 174 SHS	7,077	10,045
GOOGLE INC - 44 SHS	31,184	49,311
GREENHILL COMPANY INC - 172 SHS	8,681	9,966
HERBALIFE LTD - 87 SHS	6,625	6,847
HOLLYFRONTIER CORP - 305 SHS	13,490	15,155
INTL BUSINESS MACHINES - 86 SHS	17,109	16,131
JOY GLOBAL INC DEL - 296 SHS	15,494	17,313
KELLOGG - 201 SHS	12,374	12,275
LANDSTAR SYS INC - 214 SHS	12,210	12,294
LOCKHEED MARIN CORP - 125 SHS	13,632	18,583
LOWE'S COMPANIES INC - 519 SHS	21,500	25,716
LYONDELLBASELL INDUSTRIES - 92 SHS	6,351	7,386
MARATHON PETROLEUM CORP - 227 SHS	17,853	20,823
MCGRAW HILL FINANCIAL - 172 SHS	9,582	13,450
MERCK AND CO INC SHS - 220 SHS	10,518	11,011
MICROSOFT CORP - 820 SHS	28,725	30,676
MONSTER BEVERAGE CORP - 284 SHS	14,796	19,247
MURPHY OIL CORP - 186 SHS	11,899	12,068
MYLAN INC - 364 SHS	11,638	15,798
NEWMARKET CORP - 40 SHS	11,064	13,366
NOVARTIS ADR - 268 SHS	19,606	21,542
OASIS PETE INC NEW - 144 SHS	6,502	6,764
ORACLE CORP - 804 SHS	27,710	30,761
PATTERSON UTI ENERGY INC - 640 SHS	13,497	16,205
PHILIP MORRIS INTL INC - 156 SHS	14,442	13,592

Name of Stock	End of Year Book Value	End of Year Fair Market Value
PROCTER & GAMBLE CO - 231 SHS	18,243	18,806
QUALCOMM INC - 387 SHS	24,221	28,735
ROCKWELL COLLINS INC - 82 SHS	5,970	6,061
ROSS STORES INC COM - 83 SHS	6,705	6,219
RPC INC - 933 SHS	13,378	16,654
SABMILLER PLC SPON ADR - 267 SHS	13,567	13,692
SCHLUMBERGER LTD - 241 SHS	17,934	21,717
SEI INVT CO PA - 591 SHS	17,523	20,525
SLM CORP - 271 SHS	6,269	7,122
SM ENERGY CO SHS - 76 SHS	6,500	6,316
SOUTHERN COPPER CORP - 98 SHS	2,914	2,814
TJX COS INC NEW - 342 SHS	17,213	21,796
ULTRA PETROLEUM CORP - 529 SHS	11,132	11,453
UNITED PARCEL SVC - 370 SHS	32,434	38,880
UNITED THERAPEUTICS CORP - 160 SHS	12,201	18,093
VARIAN MEDICAL SYS INC - 243 SHS	17,340	18,879
VISA INC - 167 SHS	30,785	37,188
WADDELL & REED FINL - 297 SHS	14,032	19,341
WESTERN UN CO - 929 SHS	16,249	16,025
WSTN DIGITAL CORP DEL - 290 SHS	18,771	24,331
YUM BRANDS INC - 182 SHS	13,109	13,761
ZIMMER HOLDINGS INC - 307 SHS	24,629	28,609
GLENMEDE SMALL CAP - 6771 SHS	153,769	183,630
HARBOR INTERNATIONAL - 4966 SHS	309,309	352,636
ISHARES RUSSELL 1000 - 3422 SHS	314,989	353,048
AMERICAN CENTURY - INFLATION ADJ BD INV CL - 6542 SHS	78,490	75,429
ISHARES INTL DEVELOPED REAL ESTATE ETF - 1720 SHS	51,822	53,071
NUVEEN REAL ESTATE - 2707 SHS	57,264	53,328
PIMCO COMMODITY REAL - 15586 SHS	87,409	85,411
PRUDENTIAL GLOBAL REAL - 3245 SHS	67,605	71,455

TY 2013 Investments Government Obligations Schedule

Name: HILLSWOOD FOUNDATION

EIN: 41-1948564

US Government Securities - End of Year Book Value:	608,109
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US Government Securities - End of Year Fair Market Value:	599,053
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State & Local Government Securities - End of Year Book Value:	0
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State & Local Government Securities - End of Year Fair Market Value:	0
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TY 2013 Other Decreases Schedule**Name:** HILLSWOOD FOUNDATION**EIN:** 41-1948564

Description	Amount
BASIS ADJUSTMENTS DUE TO BROKER AND ACCOUNT CHANGES - NO TAX EFFECT	3,300
GAIN/LOSS ADJUSTMENT FROM PRIOR YEAR REPORTING	1,784

TY 2013 Other Expenses Schedule**Name:** HILLSWOOD FOUNDATION**EIN:** 41-1948564

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
MN REGISTRATION FEE	25	0	0	25
BROKERAGE ANNUAL FEES	300	300	0	0
ADR FEES	237	237	0	0
UBS WILLOW FUND LLC - SCH K-1 PORTFOLIO DED	0	250	0	0
UBS WILLOW FUND LLC - SCH K-1 INVESTMENT INTEREST EXP	0	118	0	0

TY 2013 Other Income Schedule

Name: HILLSWOOD FOUNDATION

EIN: 41-1948564

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
UBS FEE REBATE	570	570	0

TY 2013 Other Increases Schedule**Name:** HILLSWOOD FOUNDATION**EIN:** 41-1948564

Description	Amount
RETURN OF CAPITAL	363
UBS TRAILER FUNDS RECEIVED	33

TY 2013 Other Professional Fees Schedule

Name: HILLSWOOD FOUNDATION

EIN: 41-1948564

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INVESTMENT MANAGEMENT FEES	42,143	42,143	0	0

TY 2013 Taxes Schedule

Name: HILLSWOOD FOUNDATION

EIN: 41-1948564

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAXES PAID	1,339	1,339	0	0