

For calendar year 2018, or tax year beginning 05-01-2018, and ending 04-30-2019

Name of foundation GROTTO FOUNDATION INC		A Employer identification number 41-6052604	
Number and street (or P O box number if mail is not delivered to street address) 1315 RED FOX ROAD NO 100		Room/suite	B Telephone number (see instructions) (651) 209-8011
City or town, state or province, country, and ZIP or foreign postal code ARDEN HILLS, MN 551126941		C If exemption application is pending, check here ☐	
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐	
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐	
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 25,760,015	J Accounting method ☐ Cash ☒ Accrual ☐ Other (specify) <u>(Part I, column (d) must be on cash basis)</u>		
		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐	

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received (attach schedule)				
	2 Check ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	29,723	29,723		
	4 Dividends and interest from securities	1,043,204	1,043,204		
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10 _____	715,389			
	b Gross sales price for all assets on line 6a _____				
		1,686,221			
	7 Capital gain net income (from Part IV, line 2)		715,389		
	8 Net short-term capital gain				
	9 Income modifications				
Operating and Administrative Expenses	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)	617	0		
	12 Total. Add lines 1 through 11	1,788,933	1,788,316		
	13 Compensation of officers, directors, trustees, etc	173,744	5,212		168,532
	14 Other employee salaries and wages	79,254	793		78,461
	15 Pension plans, employee benefits	64,611	646		63,965
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	36,000	3,600		32,400
	c Other professional fees (attach schedule)	196,107	196,107		0
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	32,146	0		0
	19 Depreciation (attach schedule) and depletion	1,004	10		
	20 Occupancy	3,998	40		3,958
	21 Travel, conferences, and meetings	1,996	20		1,976
	22 Printing and publications	2,192	22		2,170
	23 Other expenses (attach schedule)	14,770	147		14,623
	24 Total operating and administrative expenses. Add lines 13 through 23	605,822	206,597		366,085
	25 Contributions, gifts, grants paid	727,846			727,846
	26 Total expenses and disbursements. Add lines 24 and 25	1,333,668	206,597		1,093,931
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	455,265			
	b Net investment income (if negative, enter -0-)		1,581,719		
c Adjusted net income (if negative, enter -0-)					

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions.)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	2,248,585	2,039,217	2,039,217
	2 Savings and temporary cash investments	627,669	307,863	307,863
	3 Accounts receivable ▶ _____ Less allowance for doubtful accounts ▶ _____			
	4 Pledges receivable ▶ _____ 46,000 Less allowance for doubtful accounts ▶ _____	56,000	46,000	46,000
	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	11,930	8,473	8,473
	10a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	22,067,293	23,328,888	23,328,888
	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)			
	14 Land, buildings, and equipment basis ▶ _____ 109,577 Less accumulated depreciation (attach schedule) ▶ 104,282	6,299	5,295	5,295
15 Other assets (describe ▶ _____)	25,401	24,279	24,279	
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	25,043,177	25,760,015	25,760,015	
Liabilities	17 Accounts payable and accrued expenses	38,710	38,292	
	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 ▶ _____)	3,160	13,110	
	23 Total liabilities (add lines 17 through 22)	41,870	51,402	
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	24,945,307	25,662,613	
	25 Temporarily restricted	56,000	46,000	
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg , and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances (see instructions)	25,001,307	25,708,613	
	31 Total liabilities and net assets/fund balances (see instructions) .	25,043,177	25,760,015	

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	25,001,307
2 Enter amount from Part I, line 27a	2	455,265
3 Other increases not included in line 2 (itemize) ▶ _____	3	262,041
4 Add lines 1, 2, and 3	4	25,718,613
5 Decreases not included in line 2 (itemize) ▶ _____	5	10,000
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30 .	6	25,708,613

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	715,389
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 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))
2017	1,187,727	24,950,702	0 047603
2016	1,155,280	23,465,799	0 049233
2015	1,152,849	22,686,719	0 050816
2014	1,208,540	23,947,553	0 050466
2013	1,074,974	23,404,239	0 045931
2 Total of line 1, column (d)			2 0 244049
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5 0, or by the number of years the foundation has been in existence if less than 5 years			3 0 048810
4 Enter the net value of noncharitable-use assets for 2018 from Part X, line 5			4 24,487,656
5 Multiply line 4 by line 3			5 1,195,242
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 15,817
7 Add lines 5 and 6			7 1,211,059
8 Enter qualifying distributions from Part XII, line 4			8 1,093,931

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	31,634
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	31,634
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	31,634
6	Credits/Payments		
a	2018 estimated tax payments and 2017 overpayment credited to 2018	6a	19,036
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	13,110
d	Backup withholding erroneously withheld	6d	0
7	Total credits and payments. Add lines 6a through 6d.	7	32,146
8	Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	512
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be Credited to 2019 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	No
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes? (see 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>	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 ☐ \$ 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? <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) ☐ 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 2018 or the taxable year beginning in 2018? See the 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	Yes

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? Website address WWW.GROTTOFOUNDATION.ORG	13	Yes	
14	The books are in care of SONJA MOORE Telephone no (651) 209-8010			

Located at **1315 RED FOX ROAD SUITE 100 ARDEN HILLS MN** ZIP+4 **551126941**

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 2018, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes", enter the name of the foreign country ▶	16	Yes	No

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.

1a	During the year did the foundation (either directly or indirectly)		Yes	No
	(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. Organizations relying on a current notice regarding disaster assistance check here. ☐	1b		No
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 2018?	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 2018, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2018? If "Yes," list the years ▶ 20____, 20____, 20____, 20____ ☐ Yes ☒ No			
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 2018 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 2018).	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 2018?	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		Yes	No
(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 4945(d)(4)(A)? 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? If "Yes," attach the statement required by Regulations section 53.4945–5(d)	☐ Yes ☐ No		
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No	6b	No
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 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	7b	
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?			
8	Is the foundation subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment during the year?	☐ 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 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 GENERAL GRANTS AND CONSULTATIVE SERVICES ARE TO BENEFIT SOCIETY BY IMPROVING THE EDUCATIONAL, FINANCIAL, PHYSICAL AND SOCIAL WELL-BEING OF INDIVIDUALS AND FAMILIES BY INVESTING IN EFFECTIVE NONPROFIT ORGANIZATIONS THROUGHOUT THE STATE OF MINNESOTA. GRANTS ARE AWARDED TO NONPROFIT ORGANIZATIONS IF THEY WORK IN 3 OF THE FOLLOWING 4 AREAS: YOUTH DEVELOPMENT, COMMUNITY SAFETY AND NEIGHBORHOOD DEVELOPMENT, POSTSECONDARY SUCCESS, AND MENTORING. IN FISCAL YEAR 2018 THE GROTTO FOUNDATION MADE GENERAL GRANTS OF \$794,000 FOR CHARITABLE PURPOSES	886,518
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3 ►	0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities.	1a	22,835,117
b	Average of monthly cash balances.	1b	1,999,293
c	Fair market value of all other assets (see instructions).	1c	26,154
d	Total (add lines 1a, b, and c).	1d	24,860,564
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	24,860,564
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	372,908
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	24,487,656
6	Minimum investment return. Enter 5% of line 5.	6	1,224,383

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	1,224,383
2a	Tax on investment income for 2018 from Part VI, line 5.	2a	31,634
b	Income tax for 2018 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	31,634
3	Distributable amount before adjustments. Subtract line 2c from line 1.	3	1,192,749
4	Recoveries of amounts treated as qualifying distributions.	4	0
5	Add lines 3 and 4.	5	1,192,749
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	1,192,749

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	1,093,931
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	1,093,931
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	1,093,931

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 2017	(c) 2017	(d) 2018
1 Distributable amount for 2018 from Part XI, line 7				1,192,749
2 Undistributed income, if any, as of the end of 2018				
a Enter amount for 2017 only.			0	
b Total for prior years 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2018				
a From 2013.				
b From 2014.				68
c From 2015.				27,461
d From 2016.				13,948
e From 2017.				
f Total of lines 3a through e.	41,477			
4 Qualifying distributions for 2018 from Part XII, line 4 ▶ \$ <u>1,093,931</u>				
a Applied to 2017, 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 2018 distributable amount.				1,093,931
e Remaining amount distributed out of corpus	0			
5 Excess distributions carryover applied to 2018 (If an amount appears in column (d), the same amount must be shown in column (a))	41,477			41,477
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 2017 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2018 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2019				57,341
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions).	0			
8 Excess distributions carryover from 2013 not applied on line 5 or line 7 (see instructions).	0			
9 Excess distributions carryover to 2019. Subtract lines 7 and 8 from line 6a	0			
10 Analysis of line 9				
a Excess from 2014.				
b Excess from 2015.				
c Excess from 2016.				
d Excess from 2017.				
e Excess from 2018.				

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 2018, 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)					
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) 2018	(b) 2017	(c) 2016	(d) 2015	
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))	
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. to individuals or organizations under other conditions, complete items 2a, b, c, and d. See instructions.	
a The name, address, and telephone number or e-mail address of the person to whom applications should be addressed SONJA MOORE 1315 RED FOX ROAD SUITE 100 ARDEN HILLS, MN 551126941 (651) 209-8011	
b The form in which applications should be submitted and information and materials they should include ON THE APPLICATION FORM THE ORGANIZATION PROVIDES INFORMATION ABOUT THE LOCATION OF THE ORGANIZATIONS AND A CONTACT PERSON, ALONG WITH THE TYPE OF ORGANIZATION 501(C)(3). THE ORGANIZATION THEN DESCRIBES THE PROJECT THEY ARE REQUESTING A GRANT FOR, THE AMOUNT THEY ARE REQUESTING FOR THE PROJECT, AND WHAT TYPE OF FUNDS ARE BEING REQUESTED (GENERAL OPERATING SUPPORT, PROJECT/PROGRAM SUPPORT, CAPACITY BUILDING, ETC.)	
c Any submission deadlines JANUARY 15 FOR APRIL, MARCH 15 FOR JUNE, JULY 15 FOR OCTOBER, AND NOVEMBER 15 FOR FEBRUARY	
d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors NONE	

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 <i>Paid during the year</i> See Additional Data Table				
Total			3a	
b <i>Approved for future payment</i>				
Total			3b	

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** (2018)

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

	Yes	No
--	-----	----

--	--	--

1a(1)		No
1a(2)		No

--	--	--

1b(1)	No
--------------	-----------

1b(2)		No
--------------	--	-----------

1b(3)		No
--------------	--	-----------

1b(4)		No
--------------	--	-----------

1b(5)		No
--------------	--	-----------

1b(6)		No
--------------	--	-----------

1c		No
-----------	--	-----------

value
ue

[illegible]

described in section 501(c) (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

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

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Sign
Here**

2019-10-02

May the IRS discuss this
return
with the preparer shown
below

(see instr)? ☒ Yes ☐ No

Signature of officer or trustee

Date

Title

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's Signature

Date _____

Check if self-employed ► ☐

PTIN

P01285389

Firm's name ▶	MAHONEYULBRICHCHRISTIANSEN & RUSS PA
---------------	--------------------------------------

Firm's EIN ► 41-1647057

Firm's address ► 10 RIVER PARK PLAZA SUITE 800

Phone no (651) 227-6695

SAINT PAUL, MN 55107

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

List and describe the kind(s) of property sold (e g , real estate, (a) 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1 SIT LARGE CAP	P		
1 MAIRS & POWERS	P		
SIT SMALL CAP FUND II, LLC	P		
SIT SMALL CAP FUND II, LLC	P		
SIT TARGETED OPPORTUNITY FUND, LLC	P		
SIT TARGETED OPPORTUNITY FUND, LLC	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)
866,784		614,420	252,364
819,437		614,770	204,667
			-21,527
			141,900
			74,981
			63,004

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	
			252,364
			204,667
			-21,527
			141,900
			74,981
			63,004

Form 990PF Part VIII Line 1 - List all officers, directors, trustees, foundation managers and their compensation				
(a) Name and address	Title, and average hours per week (b) devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
LOUIS FORS HILL	PRESIDENT 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
MALCOLM W MCDONALD	VICE PRESIDENT 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
MARY MANUEL	TREASURER 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
RICHARD ANDOLSHEK	MEMBER 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
KATHRINE HILL	MEMBER 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
LOUIS SHEA HILL	MEMBER 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
NANCY RANDALL-DANA	MEMBER 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
BARBARA SLADE	MEMBER 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
ERIK FORS	MEMBER 1 00	0	0	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				
SONJA MOORE	EXECUTIVE DIRECTOR 40 00	173,744	7,149	0
1315 RED FOX ROAD SUITE 200 ARDEN HILLS, MN 55112				

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>				
BEYOND WALLS123 HARVARD ST SE MINNEAPOLIS, MN 55455	NONE	NA	GENERAL SUPPORT	10,000
EAST SIDE NEIGHTBORHOOD SERVICES 1700 NE 2ND ST MINNEAPOLIS, MN 55413	NONE	N/A	GENERAL SUPPORT	50,000
HILL MUSEUM & MANUSCRIPT LIBRARY 2835 ABBEY PLAZA COLLEGEVILLE, MN 56321	NONE	N/A	CAPACITY GRANT	15,000
Total ▶ 3a				727,846

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>				
ISUROON 3416 NICOLLET AVENUE SOUTH MINNEAPOLIS, MN 55408	NONE	N/A	GIVE ME THE HAND PILOT PROGRAM	72,846
JEREMIAH PROGRAM 1510 LAUREL AVENUE MINNEAPOLIS, MN 55403	NONE	N/A	GENERAL SUPPORT	40,000
MULTIPLYING GOOD 15 WEST 38TH STREET SUITE 1210 NEW YORK, NY 10018	NONE	N/A	GENERAL SUPPORT	50,000
Total ▶ 3a				727,846

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>				
ONE2ONE 12101 12TH AVE S BURNSVILLE BURNSVILLE, MN 55337	NONE	N/A	GENERAL SUPPORT	50,000
PAGE EDUCATION FOUNDATION 901 N 3RD ST SUITE 355 MINNEAPOLIS, MN 55401	NONE	N/A	MENTORSHIP PROGRAM	20,000
PALISADE AREA COMMUNITY KIDS EDUCATION RESOURCE CENTER 200 S 3RD ST PALISADE, MN 56469	NONE	N/A	YOUTH ACTIVITIES	100,000
Total ▶ 3a				727,846

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>				
PREPARE PROSPER 2610 UNIVERSITY AVE W 450 SAINT PAUL, MN 55114	NONE	N/A	MENTORSHIP PROGRAM	15,000
RED CLOUD INDIAN SCHOOL 100 MISSION DRIVE PINE RIDGE, SD 57770	NONE	N/A	GENERAL SUPPORT	55,000
ST PAUL POLICE FOUNDATION 26 W EXCHANGE ST 401 SAINT PAUL, MN 55101	NONE	N/A	SUPPORT FOR LAW ENFORCEMENT CAREER PATH	200,000
Total ► 3a				727,846

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>				
WALLIN EDUCATION PARTNERS 5200 WILLSON RD 209 MINNEAPOLIS, MN 55424	NONE	N/A	CAPITAL CAMPAIGN	50,000
Total  3a				727,846

TY 2018 Accounting Fees Schedule**Name:** GROTTO FOUNDATION INC**EIN:** 41-6052604

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	36,000	3,600		32,400

TY 2018 Investments Corporate Stock Schedule**Name:** GROTTO FOUNDATION INC**EIN:** 41-6052604**Investments Corporation Stock Schedule**

Name of Stock	End of Year Book Value	End of Year Fair Market Value
SIT - SMALL CAP FUND II, LLC	1,756,070	1,756,070
COMMON STOCK	12,464,913	12,464,913
SIT - TARGETED OPPORTUNITY FUND	9,107,905	9,107,905

TY 2018 Other Assets Schedule

Name: GROTTO FOUNDATION INC

EIN: 41-6052604

Other Assets Schedule

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
INVESTMENT INCOME RECEIVABLE	25,401	24,279	24,279

TY 2018 Other Decreases Schedule

Name: GROTTO FOUNDATION INC

EIN: 41-6052604

Description	Amount
CHANGE IN PRESENT VALUE OF ANNUITY	10,000

TY 2018 Other Expenses Schedule**Name:** GROTTO FOUNDATION INC**EIN:** 41-6052604**Other Expenses Schedule**

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INSURANCE	7,449	74		7,375
OFFICE EXPENSE	3,680	37		3,643
TELEPHONE	2,534	25		2,509
ANNUAL REPORT	25	0		25
OFFICE SUPPLIES	868	9		859
POSTAGE	214	2		212

TY 2018 Other Income Schedule

Name: GROTTO FOUNDATION INC

EIN: 41-6052604

Other Income Schedule

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
CLASS ACTION SETTLEMENT	617		617

TY 2018 Other Increases Schedule

Name: GROTTO FOUNDATION INC
EIN: 41-6052604

Description	Amount
UNREALIZED GAIN ON INVESTMENTS	262,041

TY 2018 Other Liabilities Schedule**Name:** GROTTO FOUNDATION INC**EIN:** 41-6052604

Description	Beginning of Year - Book Value	End of Year - Book Value
FEDERAL EXCISE TAX PAYABLE	3,160	13,110

TY 2018 Other Professional Fees Schedule**Name:** GROTTO FOUNDATION INC**EIN:** 41-6052604

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INVESTMENT ADVISORS	196,107	196,107		0

**TY 2018 Substantial Contributors
Schedule****Name:** GROTTO FOUNDATION INC**EIN:** 41-6052604**Name****Address**

LOUIS FORS HILL

1315 RED FOX RD STE 200
ARDEN HILLS, MN 55112

TY 2018 Taxes Schedule**Name:** GROTTO FOUNDATION INC**EIN:** 41-6052604

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FEDERAL TAX	32,146	0		0