

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

**2006**

Department of the Treasury  
Internal Revenue Service

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

**For calendar year 2006, or tax year beginning** 7/01, **2006, and ending** 6/30, **2007**

|  |  |  |                                       |  |  |   |  |
|--|--|--|---------------------------------------|--|--|---|--|
| <b>G</b> Check all that apply  |  | <input type="checkbox"/> Initial return  | <input type="checkbox"/> Final return | <input type="checkbox"/> Amended return  | <input type="checkbox"/> Address change                      | <input type="checkbox"/> Name change  |  |
| Use the IRS label<br>Otherwise, print or type<br>See Specific Instructions   | The Froderman Foundation, Inc.<br>4325 S. US Highway 41<br>Terre Haute, IN 47802 |  |                                       |  | <b>A</b> Employer identification number<br>35-6025283        |   |  |
|  |  |  |                                       |  | <b>B</b> Telephone number (see instructions)<br>812-232-2364 |   |  |
| <b>H</b> Check type of organization. <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation<br><input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation |  | <b>C</b> If exemption application is pending, check here <input type="checkbox"/>  |                                       | <b>D</b> 1 Foreign organizations, check here <input type="checkbox"/>  |  | <b>D</b> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>       |  |
| <b>I</b> Fair market value of all assets at end of year (from Part II, column (c), line 16)<br>\$ <u>12,880,115.</u>   |  | <b>J</b> Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual<br><input type="checkbox"/> Other (specify) _____ |                                       | <b>E</b> If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> |  | <b>F</b> 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) |
|--|------------------------------------|---------------------------|-------------------------|---|
| 1 Contributions, gifts, grants, etc. received (att sch)  |                                    |                           |                         |   |
| 2 Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B   |                                    |                           |                         |   |
| 3 Interest on savings and temporary cash investments   | 1,152.                             | 1,152.                    | 1,152.                  |   |
| 4 Dividends and interest from securities   | 443,330.                           | 443,330.                  | 443,330.                |   |
| 5a Gross rents   |                                    |                           |                         |   |
| b Net rental income or (loss)  |                                    |                           |                         |   |
| 6a Net gain/(loss) from sale of assets not on line 10  | 430,210.                           | Statement 1               |                         |   |
| b Gross sales price for all assets on line 6a  | 1,914,574.                         |                           |                         |   |
| 7 Capital gain net income (from Part IV, line 2)   |                                    | 392,592.                  |                         |   |
| 8 Net short-term capital gain  |                                    |                           | 29,439.                 |   |
| 9 Income modifications   |                                    |                           |                         |   |
| 10 a. Gross sales less returns and allowances  |                                    |                           |                         |   |
| b Less Cost of goods sold  |                                    |                           |                         |   |
| c Gross profit (loss) (att sch)  |                                    |                           |                         |   |
| 11 Other income (attach schedule)  |                                    |                           |                         |   |
| Total. Add lines 1 through 11  | 904,969.                           | 862,897.                  | 473,921.                |   |
| 13 Compensation of officers, directors, trustees, etc.   | 0.                                 |                           |                         |   |
| 14 Other employee salaries and wages   |                                    |                           |                         |   |
| 15 Pension plans, employee benefits  |                                    |                           |                         |   |
| 16a Legal fees (attach schedule) See St 3  | 8,554.                             | 8,554.                    |                         |   |
| b Accounting fees (attach sch) See St 4  | 6,514.                             | 6,514.                    |                         |   |
| c Other prof fees (attach sch) See St 5  | 24,450.                            | 24,450.                   |                         |   |
| 17 Interest  | 87,449.                            | 87,449.                   |                         |   |
| 18 Taxes (attach schedule) See Stmt 6  | 17,380.                            | 17,380.                   |                         |   |
| 19 Depreciation (attach schedule) and depletion  |                                    |                           |                         |   |
| 20 Occupancy   | 4,584.                             | 4,584.                    |                         |   |
| 21 Travel, conferences, and meetings   | 988.                               | 988.                      |                         |   |
| 22 Printing and publications   |                                    |                           |                         |   |
| 23 Other expenses (attach schedule) See Statement 7  | 58,867.                            | 58,867.                   |                         |   |
| 24 <b>Total operating and administrative expenses.</b> Add lines 13 through 23   | 208,786.                           | 208,786.                  |                         |   |
| 25 Contributions, gifts, grants paid Part XV   | 697,307.                           |                           |                         | 697,307.  |
| 26 <b>Total expenses and disbursements.</b> Add lines 24 and 25  | 906,093.                           | 208,786.                  | 0.                      | 697,307.  |
| 27 Subtract line 26 from line 12:  |                                    |                           |                         |   |
| <b>a Excess of revenue over expenses and disbursements</b>   | -1,124.                            |                           |                         |   |
| <b>b Net investment income</b> (if negative, enter -0-)  |                                    | 654,111.                  |                         |   |
| <b>c Adjusted net income</b> (if negative, enter -0-)  |                                    |                           | 473,921.                |   |

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ADMINISTRATIVE AND OPERATING EXPENSES

| 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   |                | 6,375.                | 62,072.     | 62,072.     |  |
|                             | 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 sch)   |                |                       |             |             |  |
|                             |  | 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) Statement 8  |   |                | 11,033,306.           | 11,075,086. | 12,818,043. |  |
| 14                          | Land, buildings, and equipment basis   |   |                |                       |             |             |  |
|                             | Less: accumulated depreciation (attach schedule)   |   |                |                       |             |             |  |
| 15                          | Other assets (describe )   |   |                |                       |             |             |  |
| 16                          | <b>Total assets</b> (to be completed by all filers – see instructions Also, see page 1, item I)  |   |                | 11,039,681.           | 11,137,158. | 12,880,115. |  |
| LIABILITIES                 | 17   | Accounts payable and accrued expenses   |                |                       |             |             |  |
|                             | 18   | Grants payable  |                |                       |             |             |  |
|                             | 19   | Deferred revenue  |                |                       |             |             |  |
|                             | 20   | Loans from officers, directors, trustees, & other disqualified persons  |                |                       |             |             |  |
|                             | 21   | Mortgages and other notes payable (attach schedule)   |                |                       |             |             |  |
|                             | 22   | Other liabilities (describe )   |                |                       |             |             |  |
|                             | 23   | <b>Total liabilities</b> (add lines 17 through 22)  |                |                       | 0.          | 0.          |  |
| NET ASSETS OR FUND BALANCES | Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/> |   |                |                       |             |             |  |
|                             | 24   | Unrestricted  |                | 11,039,681.           | 11,137,158. |             |  |
|                             | 25   | Temporarily restricted  |                |                       |             |             |  |
|                             | 26   | Permanently restricted  |                |                       |             |             |  |
|                             | Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>                         |   |                |                       |             |             |  |
|                             | 27   | Capital stock, trust principal, or current funds  |                |                       |             |             |  |
|                             | 28   | Paid-in or capital surplus, or land, building, and equipment fund   |                |                       |             |             |  |
|                             | 29   | Retained earnings, accumulated income, endowment, or other funds  |                |                       |             |             |  |
|                             | 30   | <b>Total net assets or fund balances</b> (see instructions)   |                |                       | 11,039,681. | 11,137,158. |  |
|                             | 31   | <b>Total liabilities and net assets/fund balances</b> (see instructions)  |                |                       | 11,039,681. | 11,137,158. |  |

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 | 11,039,681. |
| 2 | Enter amount from Part I, line 27a   | 2 | -1,124.     |
| 3 | Other increases not included in line 2 (itemize) <u>See Statement 9</u>  | 3 | 98,601.     |
| 4 | Add lines 1, 2, and 3  | 4 | 11,137,158. |
| 5 | Decreases not included in line 2 (itemize)   | 5 |             |
| 6 | Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30  | 6 | 11,137,158. |

**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 shares MLC Company) | (b) How acquired<br>P - Purchase<br>D - Donation | (c) Date acquired<br>(month, day, year) | (d) Date sold<br>(month, day, year) |
|--|--|---|-------------------------------------|
| 1a See Statement 10  |  |   |                                     |
| b  |  |   |                                     |
| c  |  |   |                                     |
| d  |  |   |                                     |
| e  |  |   |                                     |

| (e) Gross sales price | (f) Depreciation allowed<br>(or allowable) | (g) Cost or other basis<br>plus expense of sale | (h) Gain or (loss)<br>(e) plus (f) minus (g) |
|-----------------------|--|---|--|
| a                     |  |   |  |
| b                     |  |   |  |
| c                     |  |   |  |
| d                     |  |   |  |
| e                     |  |   |  |

| Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69 |                                      |   | (i) Gains (Column (h)<br>gain minus column (k), but not less<br>than -0-) or Losses (from column (h)) |
|---|--------------------------------------|---|---|
| (i) Fair Market Value<br>as of 12/31/69   | (j) Adjusted basis<br>as of 12/31/69 | (k) Excess of column (i)<br>over column (j), if any |   |
| a   |                                      |   |   |
| b   |                                      |   |   |
| c   |                                      |   |   |
| d   |                                      |   |   |
| e   |                                      |   |   |

|  |          |          |
|--|----------|----------|
| 2 Capital gain net income or (net capital loss) <span style="float: right;">[ If gain, also enter in Part I, line 7<br/>If (loss), enter -0- in Part I, line 7 ]</span>  | <b>2</b> | 392,592. |
| 3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)<br><br>If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0-<br>in Part I, line 8 <span style="float: right;">]</span> | <b>3</b> | 29,439.  |

**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<br>Calendar year (or tax year<br>beginning in) | (b) Adjusted qualifying distributions | (c) Net value of<br>noncharitable-use assets | (d) Distribution ratio<br>(column (b) divided by column (c)) |
|--|---------------------------------------|--|--|
| 2005   | 479,962.                              | 11,441,153.                                  | 0.041950   |
| 2004   | 370,595.                              | 11,038,474.                                  | 0.033573   |
| 2003   | 481,851.                              | 10,447,203.                                  | 0.046122   |
| 2002   | 264,396.                              | 10,028,732.                                  | 0.026364   |
| 2001   | 551,366.                              | 10,599,691.                                  | 0.052017   |

|  |          |             |
|--|----------|-------------|
| 2 Total of line 1, column (d)  | <b>2</b> | 0.200026    |
| 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 | <b>3</b> | 0.040005    |
| 4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5   | <b>4</b> | 12,169,173. |
| 5 Multiply line 4 by line 3  | <b>5</b> | 486,828.    |
| 6 Enter 1% of net investment income (1% of Part I, line 27b)   | <b>6</b> | 6,541.      |
| 7 Add lines 5 and 6  | <b>7</b> | 493,369.    |
| 8 Enter qualifying distributions from Part XII, line 4   | <b>8</b> | 697,307.    |

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)**

|   |    |         |        |
|---|----|---------|--------|
| 1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1<br>Date of ruling letter _____ (attach copy of ruling 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       | 6,541. |
| c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (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       | 6,541. |
| 4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)  |    | 4       | 0.     |
| 5 <b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-   |    | 5       | 6,541. |
| 6 Credits/Payments  |    |         |        |
| a 2006 estimated tax pmts and 2005 overpayment credited to 2006   | 6a | 13,680. |        |
| 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 | 37.     |        |
| 7 Total credits and payments Add lines 6a through 6d  | 7  | 13,717. |        |
| 8 Enter any <b>penalty</b> 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   | 9  | 0.      |        |
| 10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid   | 10 | 7,176.  |        |
| 11 Enter the amount of line 10 to be Credited to 2007 estimated tax <input type="checkbox"/> 1,640. Refunded <input type="checkbox"/>   | 11 | 5,536.  |        |

**Part VII-A Statements Regarding Activities**

|   | Yes | No |
|---|-----|----|
| 1 a 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?  |     | X  |
| b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?<br><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> |     | X  |
| c Did the foundation file <b>Form 1120-POL</b> for this year?   |     | X  |
| d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year<br>(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?<br><i>If 'Yes,' attach a detailed description of the activities.</i>  |     | X  |
| 3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>   |     | X  |
| 4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?   | X   |    |
| b If 'Yes,' has it filed a tax return on <b>Form 990-T</b> for this year?   | X   |    |
| 5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?<br><i>If 'Yes,' attach the statement required by General Instruction T</i>   |     | X  |
| 6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:<br>• By language in the governing instrument, or<br>• 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?            | X   |    |
| 7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>  | X   |    |
| 8 a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> IN  |     |    |
| 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 <i>General Instruction G</i> ? <i>If 'No,' attach explanation</i>  | X   |    |
| 9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2006 or the taxable year beginning in 2006 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>   |     | X  |
| 10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses.</i>   |     | X  |

**Part VII-A Statements Regarding Activities Continued**

|   |           |     |     |
|---|-----------|-----|-----|
| <b>11a</b> 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)  |           |     | X   |
| <b>b</b> If 'Yes', did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, an annuities described in the attachment for line 11a? |           | N/A |     |
| <b>12</b> Did the foundation acquire a direct or indirect interest in any applicable insurance contract?  |           |     | X   |
| <b>13</b> Did the foundation comply with the public inspection requirements for its annual returns and exemption application?<br>Website address <u>www.frodermanfoundation.com</u>                 | X         |     |     |
| <b>14</b> The books are in care of <u>Brad Fuson</u> Telephone no <u>317-843-1017</u><br>Located at <u>1452 Gwynmere Run, Carmel IN</u> ZIP + 4 <u>46032-8343</u>                                   |           |     |     |
| <b>15</b> 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       | N/A       |     |     |
|   | <b>15</b> |     | N/A |

**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  |
|---|-----------|-----|
| <b>1a</b> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |           |     |
| (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |           |     |
| (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |           |     |
| (4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |           |     |
| <b>b</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 <input type="checkbox"/>   | <b>1b</b> | N/A |
| <b>c</b> 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 2006?  | <b>1c</b> | X   |
| <b>2</b> 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))  |           |     |
| <b>a</b> At the end of tax year 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If 'Yes,' list the years <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>  |           |     |
| <b>b</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)   | <b>2b</b> | N/A |
| <b>c</b> If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>  |           |     |
| <b>3a</b> Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |           |     |
| <b>b</b> If 'Yes,' did it have excess business holdings in 2006 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 2006) | <b>3b</b> | N/A |
| <b>4a</b> Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?   | <b>4a</b> | X   |
| <b>b</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 2006?  | <b>4b</b> | X   |

BAA

**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** N/A

Organizations relying on a current notice regarding disaster assistance check here

**c** If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? **N/A**  Yes  No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d)

**6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** X

If you answered 'Yes' to 6b, also 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** N/A

**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 Statement 11     |  | 0.  | 0.  | 0.                                    |
|                      |  |   |   |                                       |
|                      |  |   |   |                                       |
|                      |  |   |   |                                       |

**2 Compensation of five highest-paid employees (other than those included on line 1— see instructions). If none, enter 'NONE.'**

| (a) Name and address of each employee paid more than \$50,000 | (b) Title and average hours per week devoted to position | (c) Compensation | (d) Contributions to employee benefit plans and deferred compensation | (e) Expense account, other allowances |
|---|--|------------------|---|---------------------------------------|
| None  |  |                  |   |                                       |
|   |  |                  |   |                                       |
|   |  |                  |   |                                       |
|   |  |                  |   |                                       |
|   |  |                  |   |                                       |

**Total** number of other employees paid over \$50,000 **0**

BAA

**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  |                     |                  |
| -----   |                     |                  |
| -----   |                     |                  |
| -----   |                     |                  |
| -----   |                     |                  |
| -----   |                     |                  |
| <b>Total</b> number of others receiving over \$50,000 for professional services |                     | 0                |

**Part IX-A Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

|       | Expenses |
|-------|----------|
| 1 N/A |          |
| ----- |          |
| 2     |          |
| ----- |          |
| 3     |          |
| ----- |          |
| 4     |          |
| ----- |          |

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

| Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2 | Amount |
|--|--------|
| 1 N/A  |        |
| -----  |        |
| 2  |        |
| -----  |        |
| All other program-related investments See instructions   |        |
| 3  |        |
| -----  |        |
| <b>Total.</b> Add lines 1 through 3  | 0.     |

BAA

**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 | 12,320,266. |
| b | Average of monthly cash balances   | 1b | 34,224.     |
| c | Fair market value of all other assets (see instructions)   | 1c |             |
| d | <b>Total</b> (add lines 1a, b, and c)  | 1d | 12,354,490. |
| 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  | 12,354,490. |
| 4 | Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)   | 4  | 185,317.    |
| 5 | <b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3 Enter here and on Part V, line 4 | 5  | 12,169,173. |
| 6 | <b>Minimum investment return.</b> Enter 5% of line 5   | 6  | 608,459.    |

**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  | 608,459. |
| 2a | Tax on investment income for 2006 from Part VI, line 5  | 2a | 6,541.   |
| b  | Income tax for 2006 (This does not include the tax from Part VI)  | 2b |          |
| c  | Add lines 2a and 2b   | 2c | 6,541.   |
| 3  | Distributable amount before adjustments Subtract line 2c from line 1                                    | 3  | 601,918. |
| 4  | Recoveries of amounts treated as qualifying distributions   | 4  |          |
| 5  | Add lines 3 and 4   | 5  | 601,918. |
| 6  | Deduction from distributable amount (see instructions)  | 6  |          |
| 7  | <b>Distributable amount</b> as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1 | 7  | 601,918. |

**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 | 697,307. |
| 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 | <b>Qualifying distributions</b> Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4                                     | 4  | 697,307. |
| 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  | 6,541.   |
| 6 | <b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4   | 6  | 690,766. |

**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)<br>Corpus | (b)<br>Years prior to 2005 | (c)<br>2005 | (d)<br>2006 |
|---|---------------|----------------------------|-------------|-------------|
| <b>1</b> Distributable amount for 2006 from Part XI, line 7   |               |                            |             | 601,918.    |
| <b>2</b> Undistributed income, if any, as of the end of 2005:   |               |                            |             |             |
| <b>a</b> Enter amount for 2005 only   |               |                            | 514,032.    |             |
| <b>b</b> Total for prior years 20___, 20___, 20___  |               | 0.                         |             |             |
| <b>3</b> Excess distributions carryover, if any, to 2006:   |               |                            |             |             |
| <b>a</b> From 2001  |               |                            |             |             |
| <b>b</b> From 2002  |               |                            |             |             |
| <b>c</b> From 2003  |               |                            |             |             |
| <b>d</b> From 2004  |               |                            |             |             |
| <b>e</b> From 2005  |               |                            |             |             |
| <b>f</b> Total of lines 3a through e  | 0.            |                            |             |             |
| <b>4</b> Qualifying distributions for 2006 from Part XII, line 4 ▶ \$ <u>697,307.</u>   |               |                            |             |             |
| <b>a</b> Applied to 2005, but not more than line 2a   |               |                            | 514,032.    |             |
| <b>b</b> Applied to undistributed income of prior years (Election required – see instructions)  |               | 0.                         |             |             |
| <b>c</b> Treated as distributions out of corpus (Election required – see instructions)  | 0.            |                            |             |             |
| <b>d</b> Applied to 2006 distributable amount   |               |                            |             | 183,275.    |
| <b>e</b> Remaining amount distributed out of corpus   | 0.            |                            |             |             |
| <b>5</b> Excess distributions carryover applied to 2006 (If an amount appears in column (d), the same amount must be shown in column (a))   | 0.            |                            |             | 0.          |
| <b>6</b> Enter the net total of each column as indicated below:   |               |                            |             |             |
| <b>a</b> Corpus Add lines 3f, 4c, and 4e Subtract line 5  | 0.            |                            |             |             |
| <b>b</b> Prior years' undistributed income Subtract line 4b from line 2b  |               | 0.                         |             |             |
| <b>c</b> 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.                         |             |             |
| <b>d</b> Subtract line 6c from line 6b Taxable amount – see instructions  |               | 0.                         |             |             |
| <b>e</b> Undistributed income for 2005 Subtract line 4a from line 2a Taxable amount – see instructions  |               |                            | 0.          |             |
| <b>f</b> Undistributed income for 2006 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2007  |               |                            |             | 418,643.    |
| <b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see instructions)                                  | 0.            |                            |             |             |
| <b>8</b> Excess distributions carryover from 2001 not applied on line 5 or line 7 (see instructions)  | 0.            |                            |             |             |
| <b>9</b> Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a  | 0.            |                            |             |             |
| <b>10</b> Analysis of line 9:   |               |                            |             |             |
| <b>a</b> Excess from 2002   |               |                            |             |             |
| <b>b</b> Excess from 2003   |               |                            |             |             |
| <b>c</b> Excess from 2004   |               |                            |             |             |
| <b>d</b> Excess from 2005   |               |                            |             |             |
| <b>e</b> Excess from 2006   |               |                            |             |             |

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

N/A

**1 a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2006, 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)

**2 a** Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

| Tax year   | Prior 3 years |          |          | (e) Total |
|--|---------------|----------|----------|-----------|
|  | (a) 2006      | (b) 2005 | (c) 2004 |           |
| <b>b</b> 85% of line 2a  |               |          |          |           |
| <b>c</b> Qualifying distributions from Part XII, line 4 for each year listed   |               |          |          |           |
| <b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities   |               |          |          |           |
| <b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c                                   |               |          |          |           |
| <b>3</b> Complete 3a, b, or c for the alternative test relied upon.  |               |          |          |           |
| <b>a</b> 'Assets' alternative test - enter   |               |          |          |           |
| <b>(1)</b> Value of all assets   |               |          |          |           |
| <b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)   |               |          |          |           |
| <b>b</b> 'Endowment' alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed                              |               |          |          |           |
| <b>c</b> 'Support' alternative test - enter  |               |          |          |           |
| <b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties) |               |          |          |           |
| <b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)                                      |               |          |          |           |
| <b>(3)</b> Largest amount of support from an exempt organization   |               |          |          |           |
| <b>(4)</b> Gross investment income   |               |          |          |           |

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

**1 Information Regarding Foundation Managers:**

**a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2) )  
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 of the person to whom applications should be addressed:

See Statement 12

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

See Statement for Line 2a

**c** Any submission deadlines:

See Statement for Line 2a

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

See Statement for Line 2a

**Part XV** Supplementary Information (continued)

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

| Recipient<br>Name and address (home or business) | If recipient is an individual,<br>show any relationship to<br>any foundation manager or<br>substantial contributor | Foundation<br>status of<br>recipient | Purpose of grant or<br>contribution  | Amount        |
|--|--|--------------------------------------|--|---------------|
| a Paid during the year<br>See Attached Schedule  |  | N/A                                  | Scholarship,<br>Equipment,<br>Improvements, Camp,<br>Clothes, Support,<br>Missionary Funds | 697,307.      |
| <b>Total</b>                                     |  |                                      |  | ▶ 3a 697,307. |
| b Approved for future payment                    |  |                                      |  |               |
| <b>Total</b>                                     |  |                                      |  | ▶ 3b          |

**Part XVI-A Analysis of Income-Producing Activities**

| Enter gross amounts unless otherwise indicated             | Unrelated business income |               | Excluded by section 512, 513, or 514 |               | (e)<br>Related or exempt<br>function income<br>(see instructions) |
|--|---------------------------|---------------|--------------------------------------|---------------|---|
|  | (a)<br>Business<br>code   | (b)<br>Amount | (c)<br>Exclu-<br>sion<br>code        | (d)<br>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       |                           |               |                                      |               | 1,152.  |
| 4 Dividends and interest from securities                   |                           |               |                                      |               | 443,330.  |
| 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                                  |                           |               |                                      |               |   |
| 8 Gain or (loss) from sales of assets other than inventory | 523000                    | 37,618.       |                                      |               | 392,592.  |
| 9 Net income or (loss) from special events                 |                           |               |                                      |               |   |
| 10 Gross profit or (loss) from sales of inventory          |                           |               |                                      |               |   |
| 11 Other revenue   |                           |               |                                      |               |   |
| a See Statement 13   |                           | 3,285.        |                                      |               | 26,992.   |
| b  |                           |               |                                      |               |   |
| c  |                           |               |                                      |               |   |
| d  |                           |               |                                      |               |   |
| e  |                           |               |                                      |               |   |
| 12 Subtotal. Add columns (b), (d), and (e)                 |                           | 40,903.       |                                      |               | 864,066.  |
| 13 Total. Add line 12, columns (b), (d), and (e)           |                           |               |                                      | 13            | 904,969.  |

(See worksheet in the instructions for line 13 to verify calculations)

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

| Line No. | Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions) |
|----------|---|
| 3,4,8    | All items of income further the Foundation's ability to provide   |
| 11a      | grants to various medical, educational, religious and other charitable organizations.   |
|          |   |
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**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 |
|---------|-----|----|
|         |     |    |
| 1 a (1) |     | X  |
| 1 a (2) |     | X  |
|         |     |    |
| 1 b (1) |     | X  |
| 1 b (2) |     | X  |
| 1 b (3) |     | X  |
| 1 b (4) |     | X  |
| 1 b (5) |     | X  |
| 1 b (6) |     | X  |
| 1 c     |     | X  |

a Transfers from the reporting foundation to a noncharitable exempt organization of

(1) Cash

(2) Other assets

b Other transactions

(1) Sales of assets to a noncharitable exempt organization

(2) Purchases of assets from a noncharitable exempt organization

(3) Rental of facilities, equipment, or other assets

(4) Reimbursement arrangements

(5) Loans or loan guarantees

(6) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is 'Yes,' complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

| (a) Line no. | (b) Amount involved | (c) Name of noncharitable exempt organization | (d) Description of transfers, transactions, and sharing arrangements |
|--------------|---------------------|---|--|
| N/A          |                     |   |  |
|              |                     |   |  |
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|              |                     |   |  |

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?  Yes  No

b If 'Yes,' complete the following schedule

| (a) Name of organization | (b) Type of organization | (c) Description of relationship |
|--------------------------|--------------------------|---------------------------------|
| N/A                      |                          |                                 |
|                          |                          |                                 |
|                          |                          |                                 |
|                          |                          |                                 |
|                          |                          |                                 |
|                          |                          |                                 |

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 or fiduciary) is based on all information of which preparer has any knowledge.

Signature of officer or trustee: Bradley S. Fusar Date: 9/17/07 Title: Treasurer

|                          |  |                                      |      |                |                        |                          |  |                       |
|--------------------------|--|--------------------------------------|------|----------------|------------------------|--------------------------|--|-----------------------|
| Paid Preparer's Use Only | Preparer's signature   | <u>O. Earl Elliott, CPA</u>          | Date | <u>9/11/07</u> | Check if self-employed | <input type="checkbox"/> | Preparer's SSN or PTIN (See Signature in the instrs) | <u>P00426686</u>      |
|                          | Firm's name (or yours if self-employed), address, and ZIP code | <u>Sackrider &amp; Company, Inc.</u> |      | EIN            | <u>35-1327464</u>      |                          | Phone no   | <u>(812) 232-9492</u> |
|                          |  | <u>P.O. Box 330</u>                  |      |                |                        |                          |  |                       |
|                          |  | <u>Terre Haute, IN 47808-0330</u>    |      |                |                        |                          |  |                       |

The Froderman Foundation, Inc.

35-6025283

**Statement 1**  
**Form 990-PF, Part I, Line 6a**  
**Net Gain (Loss) from Noninventory Sales Per Books**  
**Assets Not Included in Part IV**

|                      |  |             |                   |
|----------------------|--|-------------|-------------------|
| Description:         | UBTI short term capital gain per K-1     |             |                   |
| Date Acquired:       | Various                                  |             |                   |
| How Acquired:        | Purchase                                 |             |                   |
| Date Sold:           | Various                                  |             |                   |
| To Whom Sold:        |  |             |                   |
| Gross Sales Price:   | 10,237.                                  |             |                   |
| Cost or Other Basis: | 0.                                       |             |                   |
|                      |  | Gain (Loss) | 10,237.           |
|                      |  |             |                   |
| Description:         | UBTI long term capital gain per K-1      |             |                   |
| Date Acquired:       | Various                                  |             |                   |
| How Acquired:        | Purchase                                 |             |                   |
| Date Sold:           | Various                                  |             |                   |
| To Whom Sold:        |  |             |                   |
| Gross Sales Price:   | 29,250.                                  |             |                   |
| Cost or Other Basis: | 0.                                       |             |                   |
|                      |  | Gain (Loss) | 29,250.           |
|                      |  |             |                   |
| Description:         | UBTI Loss on Sec. 1256 contracts per K-1 |             |                   |
| Date Acquired:       | Various                                  |             |                   |
| How Acquired:        | Purchase                                 |             |                   |
| Date Sold:           | Various                                  |             |                   |
| To Whom Sold:        |  |             |                   |
| Gross Sales Price:   | 0.                                       |             |                   |
| Cost or Other Basis: | 1,869.                                   |             |                   |
|                      |  | Gain (Loss) | -1,869.           |
|                      |  | Total       | <u>\$ 37,618.</u> |

**Statement 2**  
**Form 990-PF, Part I, Line 11**  
**Other Income**

The Froderman Foundation, Inc.

35-6025283

**Statement 3**  
**Form 990-PF, Part I, Line 16a**  
**Legal Fees**

|               | (a)<br>Expenses<br>Per Books | (b) Net<br>Investment<br>Income | (c)<br>Adjusted<br>Net Income | (d)<br>Charitable<br>Purposes |
|---------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Krieg Devault | \$ 8,554.                    | \$ 8,554.                       |                               |                               |
| Total         | <u>\$ 8,554.</u>             | <u>\$ 8,554.</u>                | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

**Statement 4**  
**Form 990-PF, Part I, Line 16b**  
**Accounting Fees**

|                     | (a)<br>Expenses<br>per Books | (b) Net<br>Investment<br>Income | (c)<br>Adjusted<br>Net Income | (d)<br>Charitable<br>Purposes |
|---------------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Sackrider & Company | \$ 6,514.                    | \$ 6,514.                       |                               |                               |
| Total               | <u>\$ 6,514.</u>             | <u>\$ 6,514.</u>                | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

**Statement 5**  
**Form 990-PF, Part I, Line 16c**  
**Other Professional Fees**

|                                     | (a)<br>Expenses<br>per Books | (b) Net<br>Investment<br>Income | (c)<br>Adjusted<br>Net Income | (d)<br>Charitable<br>Purposes |
|-------------------------------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Investment management fees - Oxford | \$ 24,450.                   | \$ 24,450.                      |                               |                               |
| Total                               | <u>\$ 24,450.</u>            | <u>\$ 24,450.</u>               | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

**Statement 6**  
**Form 990-PF, Part I, Line 18**  
**Taxes**

|                       | (a)<br>Expenses<br>per Books | (b) Net<br>Investment<br>Income | (c)<br>Adjusted<br>Net Income | (d)<br>Charitable<br>Purposes |
|-----------------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Income Tax            | \$ 17,350.                   | \$ 17,350.                      |                               |                               |
| Taxes on oil Property | 30.                          | 30.                             |                               |                               |
| Total                 | <u>\$ 17,380.</u>            | <u>\$ 17,380.</u>               | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

The Froderman Foundation, Inc.

35-6025283

Statement 7  
Form 990-PF, Part I, Line 23  
Other Expenses

|  | (a)<br>Expenses<br>per Books | (b) Net<br>Investment<br>Income | (c)<br>Adjusted<br>Net Income | (d)<br>Charitable<br>Purposes |
|--|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Bank Fees                                      | \$ 120.                      | \$ 120.                         |                               |                               |
| Deductions related to portfolio income per K-1 | 5,930.                       | 5,930.                          |                               |                               |
| Filing fee                                     | 10.                          | 10.                             |                               |                               |
| Penalty and interest                           | 284.                         | 284.                            |                               |                               |
| Repairs & maintenance                          | 5,782.                       | 5,782.                          |                               |                               |
| Total  | <u>\$ 58,867.</u>            | <u>\$ 58,867.</u>               | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

Statement 8  
Form 990-PF, Part II, Line 13  
Investments - Other

|  | Valuation<br>Method | Book<br>Value         | Fair Market<br>Value  |
|--|---------------------|-----------------------|-----------------------|
| <u>Other Investments</u>                 |                     |                       |                       |
| Vanguard Index Trust                     | Cost                | \$ 2,563,663.         | \$ 3,740,712.         |
| Western Asset Trust                      | Cost                | 1,830,513.            | 1,818,055.            |
| Aurora Limited Partnership               | Cost                | 1,880,512.            | 1,880,512.            |
| Schwab Cash and Money Market Funds       | Cost                | 6,771.                | 6,771.                |
| Artisan International Fund               | Cost                | 438,976.              | 539,800.              |
| Europacific Growth Fund                  | Cost                | 336,620.              | 541,141.              |
| Pimco Total Return Fund                  | Cost                | 1,496,864.            | 1,415,156.            |
| Excelsior Emerging Markets Fund          | Cost                | 564,926.              | 807,201.              |
| Pimco Commodity Real Return Strategy Fun | Cost                | 406,261.              | 376,568.              |
| Artisan Small Cap Value Fund             | Cost                | 406,162.              | 419,714.              |
| American Growth Fund of America          | Cost                | 439,265.              | 510,663.              |
| Pimco Developing Local Markets Fund      | Cost                | 350,000.              | 374,652.              |
| Russell 2000 iShares TR                  | Cost                | 354,553.              | 387,098.              |
| Total                                    |                     | <u>\$ 11,075,086.</u> | <u>\$ 12,818,043.</u> |

Statement 9  
Form 990-PF, Part III, Line 3  
Other Increases

|   |                   |
|---|-------------------|
| Timing difference in year ends of Foundation & Aurora Partnership | \$ 98,601.        |
| Total   | <u>\$ 98,601.</u> |



The Froderman Foundation, Inc.

35-6025283

**Statement 10**  
**Form 990-PF, Part IV, Line 1**  
**Capital Gains and Losses for Tax on Investment Income**

| Item | (a) Description                      | (b) How Acquired | (c) Date Acquired | (d) Date Sold |
|------|--------------------------------------|------------------|-------------------|---------------|
| 1    | Net short term capital gain per K-1  | Purchased        | Various           | Various       |
| 2    | Net long term capital gain per K-1   | Purchased        | Various           | Various       |
| 3    | Loss on Sec. 1256 contracts per K-1  | Purchased        | Various           | Various       |
| 4    | Long term capital gain distributions | Purchased        | Various           | Various       |
| 5    | Western Asset Core Bond Fund         | Purchased        | Various           | 5/30/2007     |
| 6    | Pimco Total Return Fund              | Purchased        | Various           | 5/30/2007     |
| 7    | Vanguard Index 500 Trust             | Purchased        | Various           | 3/08/2007     |
| 8    | Vanguard Index 500 Trust             | Purchased        | Various           | 3/30/2007     |
| 9    | Vanguard Index 500 Trust             | Purchased        | Various           | 5/30/2007     |
| 10   | T. Rowe Price Japan                  | Purchased        | Various           | 3/08/2007     |
| 11   | American Fd. Growth of America       | Purchased        | Various           | 8/28/2006     |
| 12   | American Fd. Growth of America       | Purchased        | Various           | 5/30/2007     |
| 13   | Excelsior Emerging Markets           | Purchased        | Various           | 5/30/2007     |
| 14   | Pimco Commodity Real Return          | Purchased        | Various           | 8/28/2006     |
| 15   | Harbor Small Cap Growth Fund         | Purchased        | Various           | 3/08/2007     |
| 16   | Harbor Small Cap Growth Fund         | Purchased        | Various           | 3/08/2007     |

| Item         | (e) Gross Sales | (f) Deprec. Allowed | (g) Cost Basis | (h) Gain (Loss) | (i) FMV 12/31/69 | (j) Adj. Bas. 12/31/69 | (k) Excess (i) - (j) | (l) Gain (Loss)    |
|--------------|-----------------|---------------------|----------------|-----------------|------------------|------------------------|----------------------|--------------------|
| 1            | 19,558.         |                     | 0.             | 19,558.         |                  |                        |                      | \$ 19,558.         |
| 2            | 116,368.        |                     | 0.             | 116,368.        |                  |                        |                      | 116,368.           |
| 3            | 0.              |                     | 9,710.         | -9,710.         |                  |                        |                      | -9,710.            |
| 4            | 155,057.        |                     | 0.             | 155,057.        |                  |                        |                      | 155,057.           |
| 5            | 49,950.         |                     | 49,802.        | 148.            |                  |                        |                      | 148.               |
| 6            | 49,950.         |                     | 52,498.        | -2,548.         |                  |                        |                      | -2,548.            |
| 7            | 120,000.        |                     | 87,582.        | 32,418.         |                  |                        |                      | 32,418.            |
| 8            | 154,000.        |                     | 111,498.       | 42,502.         |                  |                        |                      | 42,502.            |
| 9            | 74,950.         |                     | 50,243.        | 24,707.         |                  |                        |                      | 24,707.            |
| 10           | 335,379.        |                     | 365,000.       | -29,621.        |                  |                        |                      | -29,621.           |
| 11           | 95,291.         |                     | 92,714.        | 2,577.          |                  |                        |                      | 2,577.             |
| 12           | 50,000.         |                     | 43,021.        | 6,979.          |                  |                        |                      | 6,979.             |
| 13           | 25,000.         |                     | 18,058.        | 6,942.          |                  |                        |                      | 6,942.             |
| 14           | 275,000.        |                     | 281,027.       | -6,027.         |                  |                        |                      | -6,027.            |
| 15           | 30,955.         |                     | 28,053.        | 2,902.          |                  |                        |                      | 2,902.             |
| 16           | 323,629.        |                     | 293,289.       | 30,340.         |                  |                        |                      | 30,340.            |
| <b>Total</b> |                 |                     |                |                 |                  |                        |                      | <b>\$ 392,592.</b> |

**Statement 11**  
**Form 990-PF, Part VIII, Line 1**  
**List of Officers, Directors, Trustees, and Key Employees**

| Name and Address              | Title and Average Hours Per Week Devoted | Compensation | Contribution to EBP & DC | Expense Account/Other |
|-------------------------------|--|--------------|--------------------------|-----------------------|
| Mark Fuson<br>Terre Haute, IN | President<br>1                           | \$ 0.        | \$ 0.                    | \$ 0.                 |

The Froderman Foundation, Inc.

35-6025283

**Statement 11 (continued)**  
**Form 990-PF, Part VIII, Line 1**  
**List of Officers, Directors, Trustees, and Key Employees**

| <u>Name and Address</u>         | <u>Title and Average Hours Per Week Devoted</u> | <u>Compensation</u> | <u>Contribution to EBP &amp; DC</u> | <u>Expense Account/ Other</u> |
|---------------------------------|---|---------------------|-------------------------------------|-------------------------------|
| Carl Froderman<br>Ft. Smith, AR | Vice President<br>1                             | \$ 0.               | \$ 0.                               | \$ 0.                         |
| Chris Froderman<br>Avon, IN     | Secretary<br>1                                  | 0.                  | 0.                                  | 0.                            |
| Brad Fuson<br>Carmel, IN        | Treasurer<br>1                                  | 0.                  | 0.                                  | 0.                            |
|                                 |   | Total \$ 0.         | \$ 0.                               | \$ 0.                         |

**Statement 12**  
**Form 990-PF, Part XV, Line 2a-d**  
**Application Submission Information**

Name of Grant Program:  
Name: Froderman Foundation, Inc.  
Care Of: Mark Fuson  
Street Address: 4325 US Hwy 41 S.  
City, State, Zip Code: Terre Haute, IN 47802  
Telephone:  
Form and Content: The Foundation's standard application form is available upon request.

Submission Deadlines:  
Restrictions on Awards: Charitable fields - Medical, Educational, Religious & Other Charitable fields.

**Statement 13**  
**Form 990-PF, Part XVI-A, Line 11**  
**Other Revenue**

| <u>Other Revenue</u>                 | <u>(A) Business Code</u> | <u>(B) Unrelated Business Amount</u> | <u>(C) Exclusion Code</u> | <u>(D) Excluded Amount</u> | <u>(E) Related or Exempt Function</u> |
|--------------------------------------|--------------------------|--------------------------------------|---------------------------|----------------------------|---------------------------------------|
| Loss from rental real estate per K-1 |                          |                                      |                           |                            | \$ -12.                               |
| Net swap loss per K-1                |                          |                                      |                           |                            | -6,069.                               |
| Oil royalties                        |                          |                                      |                           |                            | 1,169.                                |
| Ordinary (loss) per K-1              | 523000                   | \$ 3,285.                            |                           |                            | -3,463.                               |
| Other income per K-1                 |                          |                                      |                           |                            | -2,007.                               |
| Other portfolio loss per K-1         |                          |                                      |                           |                            | -347.                                 |
| Royalties per K-1                    |                          |                                      |                           |                            | 123.                                  |
| Royalty deduction per K-1            |                          |                                      |                           |                            | 1.                                    |
| Sec. 475F income per K-1             |                          |                                      |                           |                            | 37,598.                               |

Statement 13 (continued)  
 Form 990-PF, Part XVI-A, Line 11  
 Other Revenue

| Other Revenue             | (A)<br>Busi-<br>ness<br>Code | (B)<br>Unrelated<br>Business<br>Amount | (C)<br>Exclu-<br>sion<br>Code | (D)<br>Excluded<br>Amount | (E)<br>Related or<br>Exempt<br>Function |
|---------------------------|------------------------------|--|-------------------------------|---------------------------|---|
| Section 1231 loss per K-1 |                              |  |                               |                           | \$ -1.                                  |
| Total                     |                              | <u>\$ 3,285.</u>                       |                               | <u>\$ 0.</u>              | <u>\$ 26,992.</u>                       |

The Froderman Foundation, Inc.

35-6025283

Part XV

Pg 1

| Date      | Amount      | For  | Board member   | Organization                               |
|-----------|-------------|--|----------------|--|
| 8/26/2006 | \$33,333.00 | Ivy Tech Foundation - 2nd of 3 year annual grant   | Mark Fuson     | Ivy Tech Community Foundation              |
| 8/26/2006 | \$41,666.00 | 1 of 3 year annual grant.  | Mark Fuson     | Union Hospital Foundation                  |
| 8/26/2006 | \$22,000.00 | Union Hospital Foundation - Neonatal ICU Unit - Baby Log ventilator  | Susan Fuson    | Union Hospital Foundation                  |
| 8/26/2006 | \$50,000.00 | Renovation of the auditorium in the School of Nursing to include flooring, 124 tablet seating with power modules for laptops, installation and wiring and flooring for the room.   | Pam Blesch     | Indiana State University School of Nursing |
| 8/26/2006 | \$10,000.00 | Annual grant request from the Clothes Closet (League of Terre Haute) for to purchase clothing for needy children ages K-12 in Terre Haute. The clothes closet also provides clothing to fire victims and other emergency-type situations. Referrals are made | Lynn Biggs     | League of Terre Haute                      |
| 8/26/2006 | \$20,000.00 | Reconstruction of Church. Made a Historic site and need to replace and redo the stained glass windows in order to maintain the listing   | Carl Froderman | Bethany United Church of Christ            |
| 8/26/2006 | \$2,389.63  | Request support for the replacement of the roof over the leaking front porch of the office   | Mark Fuson     | Birthright of Terre Haute                  |
| 8/26/2006 | \$10,000.00 | Request continued support of the Wabash Valley Associates Scholarship Fund   | Mark Fuson     | Rose Hulman Institute of Technology        |
| 8/26/2006 | \$22,917.33 | Purchase a new pickup to be used for the pick-up of donated items and the delivery of items to those without transportation. Up to \$25,000 towards.   | Mark Fuson     | Catholic Charities                         |
| 8/26/2006 | \$0.00      | Requesting A Challenge PLEDGE to upgrade the transmitter equipment of WHOJ / 91.9 radio station licensed in Terre Haute, IN. Total estimated cost of equipment upgrade is \$44,465 and the rest to be raised by 6/1/07                                       | Mark Fuson     | Covenant Network                           |
| 8/26/2006 | \$5,000.00  | North Camp and South Camp to split this 50/50 for the distribution of Bibles.  | Carl Froderman | Gideons of Terre Haute                     |
| 8/26/2006 | \$20,000.00 | Scholarship - Annual Grant   | Carl Froderman | Asbury College                             |

The Froderman Foundation, Inc.

35-6025283

Part XV

B 2

| 8/26/2006 | • \$50,000.00  | Missionary Fund - Annual Grant  | Carl Froderman  | World Gospel Church-Missionary Fund                    |
|-----------|----------------|---|-----------------|--|
| 8/26/2006 | • \$5,000.00   |   | Susan Fuson     | St. Patrick's Soup Kitchen                             |
| 2/24/2007 | • \$17,500.00  | To help off-set the start-up costs for a Cardboard Packaging Materials Assemble Project (CPMAP), to provide vocational training and income-producing opportunities for developmentally disabled and mentally ill clients and consumers. | Joe Biggs       | Human Resources Center of Edgar and Clark Counties, IL |
| 2/24/2007 | • \$150,000.00 | Mobile HDTV unit. This unit will also be used in the new telecommunications building that they will be building.  | Carl Froderman  | Asbury College   |
| 2/24/2007 | • \$20,000.00  | Annual grant for opening ceremonies   | Chris Froderman | Indiana Special Olympics                               |
| 5/19/2007 | • \$35,000.00  | to replace the roof on the north side of the monastery.   | Mark Fuson      | Carmelite Monastery                                    |
| 5/19/2007 | \$15,000.00    | grant request to assist in the construction of a new inpatient building   | Terri Fuson     | Riley Children's Hospital Foundation X                 |
| 5/19/2007 | • \$25,000.00  | Partially fund the Silver Anniversary Capital Campaign  | Brad Fuson      | Alzheimer's Association of Central Indiana             |
| 5/19/2007 | • \$20,000.00  | Partial funding to the support of a building campaign.  | Brad Fuson      | DAMAR Services   |
| 5/19/2007 | • \$25,000.00  | myelodysplastic syndrome (MDS) research towards the completion of the construction/remodeling of a handicap accessible restroom with a shower.  | Brad Fuson      | The Leukemia and Lymphoma Society X                    |
| 5/19/2007 | • \$5,000.00   | to purchase computer equipment for their after school program for disadvantaged children ages kindergarten thru 12th grade.   | Lynn Biggs      | Memorial United Methodist Church                       |
| 5/19/2007 | • \$7,288.00   |   | Lynn Biggs      | 14th and Chestnut Community Center X                   |
| 5/19/2007 | • \$19,929.64  | to purchase "Jaws of Life Equipment"  | Lynn Biggs      | Riley Volunteer Fire Dept. X                           |

The Froderman Foundation, Inc.

35-6025283

Part XV

P 93

|   |           |               |  |             |  |
|---|-----------|---------------|--|-------------|--|
| ✓ | 5/19/2007 | • \$50,000.00 | purchase two human patient simulator manikins.<br>Any balance remaining will be refunded to the FF Board if actual receipt shows less amount paid. | Pam Blesch  | Arkansas Southern Baptist State Mission Fund |
| ✓ | 5/19/2007 | • \$10,285.00 | office furniture, carpet, ultrasound bed and electronic equipment for a new office adjacent to the ISU campus.                                     | Susan Fuson | Crisis Pregnancy Center X                    |
| ✓ | 5/19/2007 | • \$2,500.00  | Gap money for program in Clinton to provide assistance and clothing, school supplies and field trip money to needy children.                       | Susan Fuson | Kid Care Project                             |
| ✓ | 5/19/2007 | • \$2,500.00  | to purchase a new telephone system and a new computer and printer for the use by the St. Ann Dental Services.                                      | Mark Fuson  | St. Ann Community Outreach Services          |

697,308.60