

Form **990-PF**Department of the Treasury
Internal Revenue Service**Return of Private Foundation**
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

OMB No 1545-0052

2011

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

For calendar year 2011 or tax year beginning

, 2011, and ending

, 20

Name of foundation THE CARTHAGE FOUNDATION		A Employer identification number 25-6067979
Number and street (or P O box number if mail is not delivered to street address) 301 GRANT STREET ONE OXFORD CENTRE	Room/suite 3900	B Telephone number (see instructions) (412) 392-2900
City or town, state, and ZIP code PITTSBURGH, PA 15219-6401		C If exemption application is pending, check here ☐
G Check all that apply:	Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change ☐	D 1 Foreign organizations, check here ☐ 2 Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 29,879,716.	J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis.)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check ☐ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	828,386.	909,887.		ATCH 1
	5a Gross rents				
	b Net rental income or (loss)	-261,101.			ATCH 1A
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a	916,722.			
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)	-169,900.	-79,132.		ATCH 2	
12 Total. Add lines 1 through 11	397,385.	830,755.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	98,467.	16,266.		82,201.
	14 Other employee salaries and wages	173,729.	5,412.		168,317.
	15 Pension plans, employee benefits	97,936.	7,800.		90,136.
	16a Legal fees (attach schedule) ATCH 3	3,399.			3,399.
	b Accounting fees (attach schedule) ATCH 4	44,914.	22,457.		22,457.
	c Other professional fees (attach schedule) *	79,694.	25,694.		54,000.
	17 Interest				
	18 Taxes (attach schedule) (see instructions)				
	19 Depreciation (attach schedule) and depletion	1,813.			
	20 Occupancy	62,694.	4,993.		57,700.
	21 Travel, conferences, and meetings	2,168.			2,168.
	22 Printing and publications				
	23 Other expenses (attach schedule) ATCH 6	20,975.	1,518.		17,231.
	24 Total operating and administrative expenses. Add lines 13 through 23	585,789.	84,140.		497,609.
	25 Contributions, gifts, grants paid	365,000.			565,000.
26 Total expenses and disbursements. Add lines 24 and 25	950,789.	84,140.	0	1,062,609.	
27 Subtract line 26 from line 12	-553,404.				
a Excess of revenue over expenses and disbursements		746,615.			
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)					

For Paperwork Reduction Act Notice, see instructions.

* ATCH 5 JSA

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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	8,824.	6,899.	6,899.
	2 Savings and temporary cash investments	1,115,980.	1,455,889.	1,455,889.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges ATCH 7	2,497.	4,762.	
	10 a Investments - U S and state government obligations (attach schedule)			
	b Investments - corporate stock (attach schedule) ATCH 8	14,593,054.	13,756,676.	26,825,323.
	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) ATCH 9	629,908.	372,545.	1,584,317.	
14 Land, buildings, and equipment, basis ATCH 9A 206,931.				
Less: accumulated depreciation (attach schedule) ▶ ATCH 9A 199,643.	7,200.	7,288.	7,288.	
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	16,357,463.	15,604,059.	29,879,716.	
Liabilities	17 Accounts payable and accrued expenses	315,000.	115,000.	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)	315,000.	115,000.		
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	16,042,463.	15,489,059.	
	25 Temporarily restricted			
	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)	16,042,463.	15,489,059.	
	31 Total liabilities and net assets/fund balances (see instructions)	16,357,463.	15,604,059.	

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	16,042,463.
2 Enter amount from Part I, line 27a	2	-553,404.
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	15,489,059.
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	15,489,059.

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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 ATTACHMENT 14					
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					
b					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) 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					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)			2	-261,101.	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):			3	0	
If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8					

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2010	1,164,566.	23,996,799.	0.048530
2009	1,178,208.	21,206,993.	0.055558
2008	3,619,435.	27,971,809.	0.129396
2007	2,647,253.	29,971,857.	0.088325
2006	4,816,647.	27,132,237.	0.177525
2 Total of line 1, column (d)			2 0.499334
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0.099867
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5			4 27,628,834.
5 Multiply line 4 by line 3			5 2,759,209.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 7,466.
7 Add lines 5 and 6			7 2,766,675.
8 Enter qualifying distributions from Part XII, line 4			8 1,062,609.
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 ☐ 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	14,932.
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	
3	Add lines 1 and 2	3	14,932.
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	14,932.
6	Credits/Payments:		
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a	39,006.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	39,006.
8	Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	24,074.
11	Enter the amount of line 10 to be: Credited to 2012 estimated tax ☐ 24,074. Refunded ☐ ☐	11	

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 page 19 of the instructions for definition)? 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.		X
c Did the foundation file Form 1120-POL for this year?		
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ► \$ _____ (2) On foundation managers ► \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		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 Form 990-T for this year?	X	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) ► PA,		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	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 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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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		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address N/A				
14	The books are in care of THE CARTHAGE FOUNDATION		Telephone no 412-392-2900	
	Located at 301 GRANT STREET, SUITE 3900, PITTSBURGH, PA		ZIP + 4 15219	
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 2011, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	Yes	No
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country _____			X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes	☒ No
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes	☒ No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes	☒ No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ATCH 10&12	☒ Yes	☐ No
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes	☒ No
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes	☒ No
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	X
Organizations relying on a current notice regarding disaster assistance check here ☐		
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)).		
a At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011?	☐ Yes	☒ No
If "Yes," list the years _____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	2b	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. _____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes	☒ No
b If "Yes," did it have excess business holdings in 2011 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 2011.)	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b	X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No
- (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☒ No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? ☐ Yes ☒ NoOrganizations relying on a current notice regarding disaster assistance check here ☐c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☒ No

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

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

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

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ Nob If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ Yes ☒ No**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ATTACHMENT 10		98,467.	12,350.	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
ATTACHMENT 11		74,250.	14,700.	0

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

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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
ATTACHMENT 12		115,053.
Total number of others receiving over \$50,000 for professional services		▶

Part IX-A Summary of Direct Charitable Activities

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

	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

1	NONE	
2		
All other program-related investments See instructions		
3	NONE	
Total. Add lines 1 through 3		

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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 28,042,209.
b	Average of monthly cash balances	1b 7,369.
c	Fair market value of all other assets (see instructions)	1c
d	Total (add lines 1a, b, and c)	1d 28,049,578.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e
2	Acquisition indebtedness applicable to line 1 assets	2
3	Subtract line 2 from line 1d	3 28,049,578.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4 420,744.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5 27,628,834.
6	Minimum investment return. Enter 5% of line 5	6 1,381,442.

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 1,381,442.
2a	Tax on investment income for 2011 from Part VI, line 5	2a 14,932.
b	Income tax for 2011 (This does not include the tax from Part VI.)	2b
c	Add lines 2a and 2b	2c 14,932.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3 1,366,510.
4	Recoveries of amounts treated as qualifying distributions	4
5	Add lines 3 and 4	5 1,366,510.
6	Deduction from distributable amount (see instructions)	6
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7 1,366,510.

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 1,062,609.
b	Program-related investments - total from Part IX-B	1b
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2
3	Amounts set aside for specific charitable projects that satisfy the:	
a	Suitability test (prior IRS approval required)	3a
b	Cash distribution test (attach the required schedule)	3b
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4 1,062,609.
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 1,062,609.

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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				1,366,510.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only				
b Total for prior years 20 09, 20 08, 20 07				
3 Excess distributions carryover, if any, to 2011				
a From 2006	3,576,120.			
b From 2007	1,290,500.			
c From 2008	2,238,183.			
d From 2009	218,947.			
e From 2010				
f Total of lines 3a through e	7,323,750.			
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ \$ 1,062,609.				
a Applied to 2010, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)				
c Treated as distributions out of corpus (Election required - see instructions)				
d Applied to 2011 distributable amount				1,062,609.
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)	303,901.			303,901.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	7,019,849.			
b Prior years' undistributed income. Subtract line 4b from line 2b				
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				
d Subtract line 6c from line 6b. Taxable amount - see instructions				
e Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount - see instructions				
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)	3,272,219.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	3,747,630.			
10 Analysis of line 9				
a Excess from 2007	1,290,500.			
b Excess from 2008	2,238,183.			
c Excess from 2009	218,947.			
d Excess from 2010				
e Excess from 2011				

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

NOT APPLICABLE

- 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 2011, 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

- 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(i)(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))

N/A

- 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.

N/A

- 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

ATTACHMENT 13

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

ATTACHMENT 13

- c** Any submission deadlines

ATTACHMENT 13

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

ATTACHMENT 13

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE ATTACHMENT 16				565,000.
Total			▶ 3a	565,000.
b Approved for future payment SEE ATTACHMENT 16				115,000.
Total			▶ 3b	115,000.

Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions.)
(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
		14	828,386.	
		18	-261,101.	
900099	-171,899.	14	1,999.	
	-171,899.		569,284.	

13 Total. Add line 12, columns (b), (d), and (e)		13	<u>397,385.</u>
(See worksheet in line 13 instructions to verify calculations.)			

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

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.)

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

- | 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | Yes | No |
|---|--|-----------|----|
| a Transfers from the reporting foundation to a noncharitable exempt organization of. | | | |
| (1) Cash | | | X |
| (2) Other assets | | | X |
| b Other transactions: | | | |
| (1) Sales of assets to a noncharitable exempt organization | | | X |
| (2) Purchases of assets from a noncharitable exempt organization | | | X |
| (3) Rental of facilities, equipment, or other assets | | | X |
| (4) Reimbursement arrangements | | | X |
| (5) Loans or loan guarantees | | | X |
| (6) Performance of services or membership or fundraising solicitations | | | X |
| c Sharing of facilities, equipment, mailing lists, other assets, or paid employees | | 1c | X |
| d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received. | | | |

[illegible]

- 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

correct, and complete Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

Sign Here Michael W. Gledy 5/4/2012 TREASURER

Signature of officer or trustee Date Title

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

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

**Paid
Preparer
Use Only**

Print/Type preparer's name

FRANK D GRANDINI

Preparer's signature _____

40 AC

Date _____

5/1/12

Check ☐ if self-employed

PTIN

P00532355

Firm's name ► GRANT THORNTON LLP

Firm's EIN ► 36-6055558

Firm's address ► 2001 MARKET STREET, SUITE 3100
PHILADELPHIA, PA

19103

Phone no. 215-561-4200

Form 990-PF (2011)

ATTACHMENT 1FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
INTEREST INCOME	2,848.	121.
DIVIDEND INCOME	825,538.	909,766.
TOTAL	<u>828,386.</u>	<u>909,887.</u>

ATTACHMENT 2

FORM 990PF, PART I - OTHER INCOME

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
INCOME FROM PARTNERSHIPS	-171,899.	-81,131.
MISCELLANEOUS INCOME	1,999.	1,999.
TOTALS	-169,900.	-79,132.

ATTACHMENT 3FORM 990PF, PART I - LEGAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
LEGAL FEES	3,399.			3,399.
TOTALS	<u>3,399.</u>			<u>3,399.</u>

ATTACHMENT 4FORM 990PF, PART I - ACCOUNTING FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
AUDIT, COMPLIANCE AND TAX	44,914.	22,457.		22,457.
TOTALS	<u>44,914.</u>	<u>22,457.</u>		<u>22,457.</u>

ATTACHMENT 5FORM 990PF, PART I - OTHER PROFESSIONAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
FISCAL AGENT FEES	25,694.	25,694.		
CONSULTING	54,000.			54,000.
TOTALS	<u>79,694.</u>	<u>25,694.</u>		<u>54,000.</u>

ATTACHMENT 6FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
INSURANCE	6,012.	479.		5,533.
OFFICE EXPENSES	8,450.	742.		7,708.
TELEPHONE	1,646.	131.		1,515.
COMPUTER MAINTENANCE	219.			219.
OFFICE TEMP	2,089.	166.		1,923.
DUES & SUBSCRIPTIONS	333.			333.
MISCELLANEOUS	2,226.			
TOTALS	<u>20,975.</u>	<u>1,518.</u>		<u>17,231.</u>

ATTACHMENT 7FORM 990PF, PART II - PREPAID EXPENSES AND DEFERRED CHARGES

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>
PREPAID INSURANCE	2,497.	4,762.
TOTALS	<u>2,497.</u>	<u>4,762.</u>

ATTACHMENT 8FORM 990PF, PART II - CORPORATE STOCK

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
INVESTMENTS- COMMON STOCK SEE ATTACHMENT 18	14,593,054.	13,756,676.	26,825,323.
TOTALS	<u>14,593,054.</u>	<u>13,756,676.</u>	<u>26,825,323.</u>

ATTACHMENT 9FORM 990PF, PART II - OTHER INVESTMENTS

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
INVESTMENTS - PARTNERSHIP SEE ATTACHMENT 18	629,908.	372,545.	1,584,317.
TOTALS	<u>629,908.</u>	<u>372,545.</u>	<u>1,584,317.</u>

THE CARTHAGE FOUNDATION
FORM 990-PF
EIN: 25-6067979
YEAR ENDED: DECEMBER 31, 2011

PART I, LINE 19 - DEPRECIATION
PART II, LINE 14a -LAND, BUILDING, AND EQUIPMENT
PART II, LINE 14b, - ACCUMULATED DEPRECIATION

DESCRIPTION	AMOUNT
LEASEHOLD IMPROVEMENTS	71,386
OFFICE EQUIPMENT	135,545
SUBTOTAL FIXED ASSETS	206,931
LESS: ACCUMULATED DEPRECIATION	(199,643)
NET FIXED ASSETS	7,288

DEPRECIATION AND AMORTIZATION EXPENSE FOR 12/31/2011 WAS \$1,813

THE CARTHAGE FOUNDATION

25-6067979

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEESATTACHMENT 10

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION</u>	<u>COMPENSATION</u>	<u>CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS</u>	<u>EXPENSE ACCT AND OTHER ALLOWANCES</u>
RICHARD M. SCAIFE 301 GRANT STREET ONE OXFORD CENTRE 3900 PITTSBURGH, PA 15219-6401	CHAIRMAN/TRUSTEE 1.00	0	0	0
MICHAEL W. GLEBA 301 GRANT STREET ONE OXFORD CENTRE 3900 PITTSBURGH, PA 15219-6401	TREASURER/TRUSTEE 8.00	71,667.	9,800.	0
R. DANIEL MCMICHAEL 301 GRANT STREET ONE OXFORD CENTRE 3900 PITTSBURGH, PA 15219-6401	SECRETARY/TRUSTEE 1.00	0	0	0
ALEXIS J. KONKOL 301 GRANT STREET ONE OXFORD CENTRE 3900 PITTSBURGH, PA 15219-6401	ASST. SECRETARY 8.00	6,800.	2,550.	0
W. MCCOOK MILLER, JR. 301 GRANT STREET ONE OXFORD CENTRE 3900 PITTSBURGH, PA 15219-6401	TRUSTEE 1.00	10,000.	0	0

THE CARTHAGE FOUNDATION

25-6067979

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

ATTACHMENT 10 (CONT'D)

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
ROGER W. ROBINSON, JR. 301 GRANT STREET ONE OXFORD CENTRE 3900 PITTSBURGH, PA 15219-6401	ASST. TREAS./TRUSTEE 1.00	10,000.	0	0
GRAND TOTALS		98,467.	12,350.	0

990PF, PART VIII - COMPENSATION OF THE FIVE HIGHEST PAID EMPLOYEESATTACHMENT 11

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION</u>	<u>COMPENSATION</u>	<u>CONTRIBUTIONS EXPENSE ACCT TO EMPLOYEE AND OTHER BENEFIT PLANS ALLOWANCES</u>
MATTHEW GROLL 301 GRANT STREET PITTSBURGH, PA 15219-6401	12.00	74,250.	14,700. 0
		<u>74,250.</u>	<u>14,700.</u>
	TOTAL COMPENSATION		<u>0</u>

990PF, PART VIII- COMPENSATION OF THE FIVE HIGHEST PAID PROFESSIONALSATTACHMENT 12

<u>NAME AND ADDRESS</u>	<u>TYPE OF SERVICE</u>	<u>COMPENSATION</u>
R. DANIEL MCMICHAEL 825 MOREWOOD AVE., APT. H-1 PITTSBURGH, PA 15213	CONSULTING	54,000.
OXFORD DEVELOPMENT CO./GRANT ST. ONE OXFORD CENTRE, 301 GRANT STREET PITTSBURGH, PA 15219-6401	FACILITY RENTAL	61,053.
TOTAL COMPENSATION		<u>115,053.</u>

The Carthage Foundation
Form 990-PF
EIN: 25-6067979
YEAR ENDED: DECEMBER 31, 2011

Information Regarding Grants and Loan Program

The Carthage Foundation's grant program is primarily directed toward public policy programs that address major domestic and international issues. There are no geographical restrictions. The Foundation does not make grants to individuals for any purpose or to nationally-organized fundraising groups. Proposal for the following are usually declined: event sponsorships, endowments, capital campaigns, renovations, or government agencies.

Initial inquiries to the Foundation should be in letter form signed by the organization's President, or authorized representative, and have the approval of the organization's Board of Directors. The letter should include a concise description of the specific program for which funds are requested, and a program budget and timetable. Accompanying information should include a copy of the latest audited financial statements (or Form 990); annual report; current budget; list of officers and directors and their major affiliations; and a copy of the current determination letter from the Internal Revenue Service evidencing tax-exempt status under Sections 501 (c)(3) of the IRS Code. Additional information may be requested, if needed, for further evaluation.

The Foundation normally considers grants at quarterly meetings. However, requests may be submitted at any time and will be acted upon as expeditiously as possible.

Grant applications should be addressed to:

Mr. Michael W. Gleba, Treasurer
The Carthage Foundation
301 Grant Street
One Oxford Centre
Suite 3900
Pittsburgh, Pennsylvania 15219-6401

THE CARTHAGE FOUNDATION

SCHEDULE OF GAINS (LOSSES) FOR TAX ON INVESTMENT INCOME
YEAR ENDED DECEMBER 31, 2011

(a) Kind of Property	(b) Description	(c) How Acquired (P- Purchase; D-Donated)	(d) Date Acquired	(e) Date Sold/ Matured	(f) Gross Sales Price Less Expense of Sale	(h) Cost or Other Basis	(i) Gain (loss) (f) less (h)	(j) Fair Market Value as of December 31, 1969	(k) Adjusted Cost Basis	(l) Excess of (j) over (k)	(m) Losses from Column (j) and Gains (Excess (i) over (l))
Security	Northrop Gruman Corp.	P	01/11/08	01/06/11	\$ 286,939	\$ 342,477	\$ (55,538)	N/A	N/A	N/A	\$ (55,538)
Security	Prudential Financial Inc.	P	02/27/07 09/25/07	03/15/11	349,208	532,601	(183,393)	N/A	N/A	N/A	(183,393)
Security	Hospira	P	03/03/09	12/07/11	280,575	302,745	(22,170)	N/A	N/A	N/A	(22,170)
					<u>\$ 916,722</u>	<u>\$ 1,177,823</u>	<u>\$ (261,101)</u>				<u>\$ (261,101)</u>

See accompanying independent accountants' compilation report.

The Carthage Foundation
Form 990-PF
EIN: 25-6067979
YEAR ENDED: DECEMBER 31, 2011

Federal Footnotes

All of the grantees shown on the attached statement of grants are exempt under Internal Revenue Code (IRC) Section 501(c)(3), and have the status of public charities, within the meaning of IRC Section 509(A)(1) or (2).

Compensation of officers, trustees, and other employees, as well as the related employee benefits are allocated based on time spent in carrying out the foundation's exempt purpose versus time spent in the production of income. Professional fees are allocated based on services performed for the foundation. All other expenses are prorated based on the salary expense charged to each category as described above.

THE CARTHAGE FOUNDATION

SCHEDULE OF GRANTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

	Payable, <u>12/31/10</u>	<u>01/01/11 - 12/31/11</u>		Payable, <u>12/31/11</u>
		<u>Approved</u>	<u>Paid</u>	
Allegheny Institute for Public Policy, Pittsburgh, Pennsylvania General operating support	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000
Atlas Economic Research Foundation, Arlington, Virginia Prague Security Studies Institute	-	50,000	50,000	-
High Frontier, Alexandria, Virginia Program support	-	100,000	100,000	-
The Institute on Religion and Democracy, Inc., Washington, D.C. General operating support	-	100,000	100,000	-
The Maldon Institute, Baltimore, Maryland General operating support	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
	<u>\$ 315,000</u>	<u>\$ 365,000</u>	<u>\$ 565,000</u>	<u>\$ 115,000</u>

THE CARTHAGE FOUNDATION

SCHEDULE OF INVESTMENTS DECEMBER 31, 2011

<u>Investments</u>	<u>Shares or Par Value</u>	<u>Cost</u>	<u>Market Value</u>
Money Market:			
FifthThird	115,089	\$ 115,089	\$ 115,089
Schwab U.S. Treasury Money Fund	1,340,800	<u>1,340,800</u>	<u>1,340,800</u>
Total money markets		<u>1,455,889</u>	<u>1,455,889</u>
Common stocks:			
AT&T	12,600	349,845	381,024
Abbott Laboratories, Inc.	13,000	28,848	730,990
Accenture Ltd.	15,500	597,014	825,065
Altria Group Inc.	70,000	324,098	2,075,500
American Electric Power Co., Inc.	12,775	500,630	527,735
Becton Dickinson & Co.	4,750	385,938	354,920
Bristol-Myers Squibb Co.	22,000	591,362	775,280
Coca-Cola Co.	10,900	530,782	762,673
Entergy Corp.	2,800	298,293	204,540
Erie Indemnity Co.	10,000	515,361	781,600
Exelon Corporation	10,000	446,686	433,700
Exxon Mobil Corp.	28,800	86,967	2,441,088
General Dynamics Corp.	5,700	460,079	378,537
General Electric Company	41,050	1,186,850	735,206
General Mills, Inc.	20,000	500,746	808,200
Illinois Tool Works, Inc.	7,600	379,596	354,996
International Business Machines	5,800	620,898	1,066,504
Kimberly-Clark Corp.	10,000	674,937	735,600
Lockheed Martin Corp.	2,200	238,989	177,980
McDonalds Corp.	7,200	301,176	722,376
McKesson Corporation	10,000	359,384	779,100
Medcohealth Solutions	10,000	393,247	559,000
Pfizer, Inc.	29,000	487,378	627,560
Philip Morris Int'l, Inc.	90,000	1,262,400	7,063,200
Proctor & Gamble	10,000	469,080	667,100
Raytheon Company	5,000	304,916	241,900
Teva Pharm Inds Ltd ADRF	10,000	443,409	403,600
3M Company	3,000	244,350	245,190
United Technologies Corp.	6,700	465,985	489,703
Wisconsin Energy Corp.	13,600	<u>307,432</u>	<u>475,456</u>
Total common stocks		<u>13,756,676</u>	<u>26,825,323</u>
Partnership:			
Kinder Morgan Energy LP	18,650	<u>625,564</u>	<u>1,584,317</u>
TOTAL INVESTMENTS		<u>\$ 15,838,129</u>	<u>\$ 29,865,529</u>