

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

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
Employer identification number: 25-6067979
Address: 301 GRANT STREET, ONE OXFORD CENTRE, PITTSBURGH, PA 15219-6401
Room/suite: 3900
Telephone number: (412) 392-2900
Check type of organization: Section 501(c)(3) exempt private foundation
Fair market value of all assets at end of year: \$ 29,879,716
Accounting method: Cash

Table with 5 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes. Rows include Revenue (1-12) and Operating and Administrative Expenses (13-27).

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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 ▶ 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 <input checked="" type="checkbox"/> 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. <input type="checkbox"/> | | | | | |
| | 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. |

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. | |
| { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 } | | | | | |
| 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) | | | 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 | | | 0.099867 |
| 4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5 | | | 27,628,834. |
| 5 Multiply line 4 by line 3 | | | 2,759,209. |
| 6 Enter 1% of net investment income (1% of Part I, line 27b) | | | 7,466. |
| 7 Add lines 5 and 6 | | | 2,766,675. |
| 8 Enter qualifying distributions from Part XII, line 4 | | | 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)

Table with 11 rows for excise tax calculation. Line 1: 14,932. Line 2: 2. Line 3: 14,932. Line 4: 0. Line 5: 14,932. Line 6a: 39,006. Line 7: 39,006. Line 8: X. Line 9: Tax due. Line 10: 24,074. Line 11: 24,074. Refunded.

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Row 1a: X. Row 1b: X. Row 1c: [Redacted]. Row 2: X. Row 3: X. Row 4a: X. Row 4b: X. Row 5: X. Row 6: X. Row 7: X. Row 8a: PA, [Redacted]. Row 8b: X. Row 9: X. Row 10: X.

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)
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)
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application?
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?
See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country

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

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

1a During the year did the foundation (either directly or indirectly).
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?
(6) Agree to pay money or property to a government official?
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
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?
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?
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?
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?
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?
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?
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?

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 No
 Organizations relying on a current notice regarding disaster assistance check here
- c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
 If "Yes," attach the statement required by Regulations section 53.4945-5(d)
- 6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
 If "Yes" to 6b, file Form 8870.
- 7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No
- b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No

| | | |
|----|--|---|
| | | |
| 5b | | |
| 6b | | X |
| 7b | | X |

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

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

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

| | | | |
|---|---|----|-------------|
| 1 | Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes: | | |
| a | Average monthly fair market value of securities | 1a | 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

Empty box for ruling date

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

Table with columns: Tax year (a) 2011, Prior 3 years (b) 2010, (c) 2009, (d) 2008, (e) Total

b 85% of line 2a

c Qualifying distributions from Part XII, line 4 for each year listed

d Amounts included in line 2c not used directly for active conduct of exempt activities

e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c

3 Complete 3a, b, or c for the alternative test relied upon

a "Assets" alternative test - enter

(1) Value of all assets

(2) Value of assets qualifying under section 4942(j)(3)(B)(i)

b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed

c "Support" alternative test - enter

(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)

(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(ii)

(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 <i>Paid during the year</i> SEE ATTACHMENT 16 | | | | 565,000. |
| Total ▶ 3a | | | | 565,000. |
| b <i>Approved for future payment</i> SEE ATTACHMENT 16 | | | | 115,000. |
| Total ▶ 3b | | | | 115,000. |

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Table with 5 main columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include: 1 Program service revenue, 2 Membership dues and assessments, 3 Interest on savings and temporary cash investments, 4 Dividends and interest from securities, 5 Net rental income or (loss) from real estate, 6 Net rental income or (loss) from personal property, 7 Other investment income, 8 Gain or (loss) from sales of assets other than inventory, 9 Net income or (loss) from special events, 10 Gross profit or (loss) from sales of inventory, 11 Other revenue, 12 Subtotal, 13 Total.

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

Table with 2 columns: 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.)

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?
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.

Table with 3 columns: Yes, No, and a third column for 'X' marks. Rows correspond to items 1a(1), 1a(2), 1b(1) through 1b(6), and 1c.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. All entries are N/A.

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 [X] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. All entries are blank.

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
Signature of officer or trustee: Michael W. Gledy
Date: 5/4/2012

Paid Preparer Use Only Print/Type preparer's name: FRANK D GIARDINI
Preparer's signature: [Signature]
Firm's name: GRANT THORNTON LLP
Firm's address: 2001 MARKET STREET, SUITE PHILADELPHIA, PA

FORM 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> |

FORM 990PF, PART I - OTHER INCOME

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

ATTACHMENT 3

FORM 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 4

FORM 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> |

FORM 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

| <u>DESCRIPTION</u> | <u>REVENUE AND EXPENSES PER BOOKS</u> | <u>NET INVESTMENT INCOME</u> | <u>ADJUSTED NET INCOME</u> | <u>CHARITABLE PURPOSES</u> |
|----------------------|---|--------------------------------------|------------------------------------|--------------------------------|
| 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 7

FORM 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 8

FORM 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

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

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

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 |

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEESATTACHMENT 10 (CONT'D)

| <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> |
|---|---|---------------------|--|--|
| 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 | <u>98,467.</u> | <u>12,350.</u> | <u>0</u> |

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> | <u>ACCT AND OTHER ALLOWANCES</u> |
|--|---|---------------------|--|--|
| MATTHEW GROLL 301 GRANT STREET PITTSBURGH, PA 15219-6401 | 12.00 | 74,250. | 14,700. | 0 |
| | TOTAL COMPENSATION | <u>74,250.</u> | <u>14,700.</u> | <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) | (b) | (c) | (d) | (e) | (f) | (h) | (i) | (j) | (k) | (l) | (m) |
|------------------|---------------------------|--------------------------------------|----------------------|-------------------|--|---------------------|--------------------------|---|---------------------|------------------------|--|
| Kind of Property | Description | How Acquired (P-Purchase; D-Donated) | Date Acquired | Date Sold/Matured | Gross Sales Price Less Expense of Sale | Cost or Other Basis | Gain (loss) (f) less (h) | Fair Market Value as of December 31, 1969 | Adjusted Cost Basis | Excess of (j) over (k) | 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 | <u>280,575</u> | <u>302,745</u> | <u>(22,170)</u> | N/A | N/A | N/A | <u>(22,170)</u> |
| | | | | | <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**

| | <u>Payable, 12/31/10</u> | <u>01/01/11 - 12/31/11</u> | | <u>Payable, 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> |