

THE CARTHAGE FOUNDATION
ONE OXFORD CENTRE - 301 GRANT STREET - SUITE 3900
PITTSBURGH, PENNSYLVANIA 15219-6402
(412) 392-2900

2012
ANNUAL REPORT

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. Proposals 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 being requested, a program budget, and a 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:

Michael W. Gleba
President and Treasurer
The Carthage Foundation
One Oxford Centre
301 Grant Street, Suite 3900
Pittsburgh, PA 15219-6402

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301 Grant Street
Pittsburgh, PA 15219-6402

Officers

Richard M. Scaife Chairman
Michael W. Gleba President and Treasurer
R. Daniel McMichael Senior Fellow and
Assistant Secretary
Yvonne Marie Bly Secretary and
Assistant Treasurer
Roger W. Robinson, Jr. Assistant Treasurer

Statement of Investments -- December 31, 2012

	<u>Book Value</u>	<u>Market Value</u>
Cash Equivalents	\$ 2,709,165	\$ 2,709,165
Corporate Stock	12,958,491	25,082,380
Other Investments	<u>1,925,077</u>	<u>3,424,417</u>
	<u>\$17,592,733</u>	<u>\$31,215,962</u>

THE CARTHAGE FOUNDATION

**SCHEDULE OF GRANTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Payable, 12/31/11</u>	<u>1/01/12 - 12/31/12</u>		<u>Payable, 12/31/12</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
America's Survival, Inc., Owings, Maryland Program support	-	200,000	200,000	-
Atlas Economic Research Foundation, Washington, D.C. Prague Security Studies Institute	-	50,000	50,000	-
Cato Institute, Washington, D.C. Conference Support	-	40,000	40,000	-
Counterterrorism & Security Education and Research Foundation, Washington, D.C. Investigative Project	-	125,000	125,000	-
Federation for American Immigration Reform, Washington, D.C. General operating support	-	200,000	200,000	-
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	-
Nonproliferation Policy Education Center, Arlington, Virginia General operating support	-	45,000	45,000	-
Philadelphia Society, Jerome, Michigan General operating support	-	5,000	5,000	-
Property and Environment Research Center, Bozeman, Montana Project support	-	25,000	25,000	-
	<u>\$ 115,000</u>	<u>\$ 1,005,000</u>	<u>\$ 1,005,000</u>	<u>\$ 115,000</u>

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

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 2012 or tax year beginning , 2012, **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 ST., ONE OXFORD CENTRE, STE. 3900		B Telephone number (see instructions) (412) 392-2900
Room/suite		
City or town, state, and ZIP code PITTSBURGH, PA 15219-6401		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply:		D 1. Foreign organizations, check here <input type="checkbox"/>
<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity	2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation		
<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust		
<input type="checkbox"/> Other taxable private foundation		
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 31,236,737.		
J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual		
<input type="checkbox"/> Other (specify) _____		
(Part I, column (d) must be on cash basis.)		

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
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).)				
Revenue				
1 Contributions, gifts, grants, etc., received (attach schedule)				
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	973,505.	973,505.		ATCH 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	2,825,275.			
b Gross sales price for all assets on line 6a 8,634,865.				
7 Capital gain net income (from Part IV, line 2)		3,403,103.		ATCH 20
8 Net short-term capital gain				
9 Income modifications				
10 a Gross sales less returns and allowances				
b Less: Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule) ATCH 2	-163,698.	2,798.		
12 Total. Add lines 1 through 11	3,635,082.	4,379,406.		
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc. **	111,717.	16,684.		95,033.
14 Other employee salaries and wages **	134,333.	3,627.		130,706.
15 Pension plans, employee benefits	93,656.	7,731.		85,925.
16a Legal fees (attach schedule) ATCH 3	1,497.			1,497.
b Accounting fees (attach schedule) ATCH 4	50,449.	25,224.		25,225.
c Other professional fees (attach schedule) *	46,647.	27,447.		19,200.
17 Interest				
18 Taxes (attach schedule) (see instructions) ATCH 6	100,000.			
19 Depreciation (attach schedule) and depletion ATCH 15	1,999.			
20 Occupancy	60,583.	5,001.		55,582.
21 Travel, conferences, and meetings	2,168.			2,168.
22 Printing and publications				
23 Other expenses (attach schedule) ATCH 7	17,584.	3,700.		13,884.
24 Total operating and administrative expenses. Add lines 13 through 23	620,633.	89,414.		429,220.
25 Contributions, gifts, grants paid	1,005,000.			1,005,000.
26 Total expenses and disbursements. Add lines 24 and 25	1,625,633.	89,414.	0	1,434,220.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	2,009,449.			
b Net investment income (if negative, enter -0-)		4,289,992.		
c Adjusted net income (if negative, enter -0-)				

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)	Beginning of year		End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1	Cash - non-interest-bearing	6,899.	6,237.	6,237.	
	2	Savings and temporary cash investments	1,455,889.	2,702,928.	2,702,928.	
	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 8	4,762.	15,485.	15,485.	
	10 a	Investments - U.S. and state government obligations (attach schedule)				
	b	Investments - corporate stock (attach schedule) ATCH 9	13,756,676.	12,958,491.	25,082,380.	
	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 10	372,545.	1,925,077.	3,424,417.	
	14	Land, buildings, and equipment: basis Less: accumulated depreciation (attach schedule) ▶ ATCH 15	167,057. 161,767.	7,288. 5,290.	5,290.	
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	15,604,059.	17,613,508.	31,236,737.		
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable	115,000.	115,000.		
	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)	115,000.	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	15,489,059.	17,498,508.		
	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)	15,489,059.	17,498,508.			
31	Total liabilities and net assets/fund balances (see instructions)	15,604,059.	17,613,508.			

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)	15,489,059.
2	Enter amount from Part I, line 27a	2,009,449.
3	Other increases not included in line 2 (itemize) ▶	
4	Add lines 1, 2, and 3	17,498,508.
5	Decreases not included in line 2 (itemize) ▶	
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	17,498,508.

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... 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.

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains '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... [] Yes [X] No

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

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.

Paid Preparer Use Only Print/Type preparer's name: Frank D. Grandone, Preparer's signature: [Signature], Date: 7/29/13, Firm's name: GRANT THORNTON LLP, Firm's address: 2001 MARKET STREET, SUITE 3100 PHILADELPHIA, PA 19103, Firm's EIN: 36-6055558, Phone no.: 215-561-4200, PTIN: P00532355