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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 2012 or tax year beginning **APR 1, 2012**, and ending **MAR 31, 2013**

Name of foundation: **THE WINDHAM FOUNDATION, INC.**

Number and street (or P.O. box number if mail is not delivered to street address): **P.O. BOX 70**

City or town, state, and ZIP code: **GRAFTON, VT 05146**

Room/suite: _____

A Employer identification number: **13-6142024**

B Telephone number: **802-843-2211**

C If exemption application is pending, check here

D 1. Foreign organizations, check here
2. Foreign organizations meeting the 85% test, check here and attach computation

E If private foundation status was terminated under section 507(b)(1)(A), check here

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

G Check all that apply: Initial return Initial return of a former public charity
 Final return Amended return
 Address change Name change

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16): **\$ 43,855,797.** (Part I, column (d) must be on cash basis.)

J Accounting method: Cash Accrual
 Other (specify) _____

Part I Analysis of Revenue and Expenses		(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	18,175.			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	789,428.	789,428.	789,428.	STATEMENT 1
	4 Dividends and interest from securities	370,868.	370,868.	370,868.	STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-700.			
	b Gross sales price for all assets on line 6a	8,564,290.			
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain			15,301.	
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income	33,587.	0.	33,587.	STATEMENT 3	
12 Total. Add lines 1 through 11	1,211,358.	1,160,296.	1,209,184.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	653,131.	0.	0.	653,131.
	14 Other employee salaries and wages	488,054.	0.	0.	554,581.
	15 Pension plans, employee benefits	432,709.	0.	0.	432,709.
	16a Legal fees	9,465.	0.	9,465.	9,465.
	b Accounting fees	64,806.	0.	64,806.	64,806.
	c Other professional fees	198,701.	105,476.	93,225.	93,225.
	17 Interest	119,857.	0.	119,857.	119,857.
	18 Taxes	354,400.	0.	354,400.	354,400.
	19 Depreciation and depletion	413,545.	0.	413,545.	
	20 Occupancy	345,469.	0.	345,469.	345,469.
	21 Travel, conferences, and meetings	25,160.	0.	25,160.	25,160.
	22 Printing and publications				
	23 Other expenses	696,755.	0.	696,755.	696,755.
	24 Total operating and administrative expenses. Add lines 13 through 23	3,802,052.	105,476.	2,122,682.	3,349,558.
	25 Contributions, gifts, grants paid	90,493.			90,493.
26 Total expenses and disbursements. Add lines 24 and 25	3,892,545.	105,476.	2,122,682.	3,440,051.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-2,681,187.				
b Net investment income (if negative, enter -0-)		1,054,820.			
c Adjusted net income (if negative, enter -0-)			0.		

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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year		
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1	Cash - non-interest-bearing	56,232.	259,750.	259,750.
	2	Savings and temporary cash investments			
	3	Accounts receivable ▶ 1,119.			
		Less: allowance for doubtful accounts ▶	2,482.	1,119.	1,119.
	4	Pledges receivable ▶			
		Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons			
	7	Other notes and loans receivable ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use	8,623.	3,415.	3,415.
	9	Prepaid expenses and deferred charges	185,887.	163,114.	163,114.
	10a	Investments - U.S. and state government obligations			
	b	Investments - corporate stock STMT 10	29,146,490.	26,840,895.	26,840,895.
	c	Investments - corporate bonds			
Liabilities	11	Investments - land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation ▶			
	12	Investments - mortgage loans			
	13	Investments - other STMT 11	8,761,123.	8,682,816.	8,682,816.
	14	Land, buildings, and equipment: basis ▶ 17,596,050.			
		Less: accumulated depreciation ▶ 9,691,362.	8,446,454.	7,904,688.	7,904,688.
	15	Other assets (describe ▶)			
	16	Total assets (to be completed by all filers)	46,607,291.	43,855,797.	43,855,797.
	17	Accounts payable and accrued expenses	31,167.	15,950.	
	18	Grants payable			
Net Assets or Fund Balances	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable STMT 12	10,439,425.	10,374,508.	STATEMENT 13
	22	Other liabilities (describe ▶ STATEMENT 14)	1,839,479.	1,454,920.	
	23	Total liabilities (add lines 17 through 22)	12,310,071.	11,845,378.	
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	34,271,834.	32,010,419.	
	25	Temporarily restricted	25,386.	0.	
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/> 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	34,297,220.	32,010,419.		
31	Total liabilities and net assets/fund balances	46,607,291.	43,855,797.		

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	34,297,220.
2	Enter amount from Part I, line 27a	2	-2,681,187.
3	Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 9	3	394,386.
4	Add lines 1, 2, and 3	4	32,010,419.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	32,010,419.

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 ML STOCK SALES	P		
b ML STOCK SALES	P		
c GMO SALES	P		
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 1,712,877.		1,697,576.	15,301.
b 2,551,413.		2,591,349.	-39,936.
c 4,300,000.		4,276,065.	23,935.
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(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	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			15,301.
b			-39,936.
c			23,935.
d			
e			

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 8 }	2	-700.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8		3	15,301.

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.)

N/A

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))
2011			
2010			
2009			
2008			
2007			

2 Total of line 1, column (d)	2	
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	
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	
5 Multiply line 4 by line 3	5	
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	
7 Add lines 5 and 6	7	
8 Enter qualifying distributions from Part XII, line 4	8	

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here <input checked="" type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: <u>08/18/86</u> (attach copy of letter if necessary-see instructions)	1	N/A
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		
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	
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	0.
6 Credits/Payments:		
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a	
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	0.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11 Enter the amount of line 10 to be credited to 2013 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		X
1c Did the foundation file Form 1120-POL for this year?		X
2 Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. <input type="checkbox"/> \$ <u>0.</u> (2) On foundation managers. <input type="checkbox"/> \$ <u>0.</u>		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ <u>0.</u>		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		X
4a 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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T</i>		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?		
6	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV.</i>	X	
7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> <u>NONE</u>		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>	X	
8b	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 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	X	
9	X	
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		X
10		X

N/A

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) STMT 15
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 WWW.WINDHAM-FOUNDATION.ORG
14 The books are in care of ROBERT DONALD Telephone no. 802-843-2211 Located at P.O. BOX 70, GRAFTON, VT ZIP+4 05146
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 N/A
16 At any time during calendar year 2012, 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? (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.)
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 2012?
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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? 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.)
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 2012 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 2012.)
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 2012?

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 propoganda, 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)? 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? **N/A** Yes No
 If "Yes," attach the statement required by Regulations section 53.4945-5(d).

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 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? **N/A** 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.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 16		653,131.	7,143.	28,372.

2 Compensation of five highest-paid employees (other than those included on line 1). 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
MELISSA GULLOTTI	COMM. DIR			
P.O. BOX 70, GRAFTON, VT 05146	40.00	61,298.	1,878.	12,349.
PAULA JOHNSON	PAYROLL MGR			
P.O. BOX 70, GRAFTON, VT 05146	40.00	56,124.	1,093.	16,299.
KARL LAUREN	HEAD OF MAINTENANCE			
P.O. BOX 70, GRAFTON, VT 05146	40.00	57,616.	1,026.	7,505.

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

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

Table with 3 columns: (a) Name and address of each person paid more than \$50,000, (b) Type of service, (c) Compensation. Row 1 contains 'NONE'.

Total number of others receiving over \$50,000 for professional services 0

Part IX-A Summary of Direct Charitable Activities

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

Table with 2 columns: Description, Expenses. Row 1: SEE STATEMENT 17, 567,035.

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

Table with 2 columns: Description, Amount. Row 1: N/A.

Total. Add lines 1 through 3 0.

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:			
a	Average monthly fair market value of securities	1a	27,993,693.
b	Average of monthly cash balances	1b	157,991.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	28,151,684.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	28,151,684.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	422,275.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	27,729,409.
6	Minimum investment return. Enter 5% of line 5	6	1,386,470.

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	
2a	Tax on investment income for 2012 from Part VI, line 5	2a	
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
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	

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	3,440,051.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	70,779.
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	3,510,830.
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	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	3,510,830.

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)

N/A

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only				
b Total for prior years:				
3 Excess distributions carryover, if any, to 2012:				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				
f Total of lines 3a through e				
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ \$				
a Applied to 2011, 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 2012 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2012 (if an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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 2011. Subtract line 4a from line 2a. Taxable amount - see instr.				
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9:				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

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

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 2012, enter the date of the ruling ▶ 01/24/72

b Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year		Prior 3 years		(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
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	0.	0.	0.	2,246,208.	2,246,208.
b 85% of line 2a	0.	0.	0.	1,909,277.	1,909,277.
c Qualifying distributions from Part XII, line 4 for each year listed	3,510,830.	1,996,327.	6,872,742.	3,432,349.	15,812,248.
d Amounts included in line 2c not used directly for active conduct of exempt activities	0.	0.	0.	276,519.	276,519.
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	3,510,830.	1,996,327.	6,872,742.	3,155,830.	15,535,729.
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test - enter:					
(1) Value of all assets					0.
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0.
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	924,313.	400,349.	989,054.	1,497,472.	3,811,188.
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)					0.
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0.
(3) Largest amount of support from an exempt organization					0.
(4) Gross investment income					0.

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).)

SEE STATEMENT 18

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed:

THE WINDHAM FOUNDATION, INC. - ATTN: MR. ROBERT ALLEN, 802-843-2211
P.O. BOX 70, GRAFTON, VT 05146

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

SEE ATTACHED INSTRUCTIONS

c Any submission deadlines:

SEE ATTACHED INSTRUCTIONS

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

SCHOLARSHIPS ARE LIMITED TO WINDHAM COUNTY, VERMONT RESIDENTS.

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<i>a Paid during the year</i>				
CONTRIBUTIONS - SEE ATTACHED STATEMENT	NONE	PUBLIC	CHARITABLE/EDUCATIONAL	46,368.
SCHOLARSHIPS	NONE	INDIVIDUALS	SCHOLARSHIPS PROVIDED TO WINDHAM COUNTY HIGH SCHOOL AND COLLEGE STUDENTS	44,125.
Total				90,493.
<i>b Approved for future payment</i>				
NONE				
Total				0.

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
INTEREST INCOME	789,428.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	789,428.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
DIVIDEND INCOME	370,868.	0.	370,868.
TOTAL TO FM 990-PF, PART I, LN 4	370,868.	0.	370,868.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
FUEL SALES	649.	0.	649.
MISCELLANEOUS INCOME	32,938.	0.	32,938.
TOTAL TO FORM 990-PF, PART I, LINE 11	33,587.	0.	33,587.

FORM 990-PF LEGAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	9,465.	0.	9,465.	9,465.
TO FM 990-PF, PG 1, LN 16A	9,465.	0.	9,465.	9,465.

FORM 990-PF	ACCOUNTING FEES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
ACCOUNTING FEES	64,806.	0.	64,806.	64,806.	
TO FORM 990-PF, PG 1, LN 16B	64,806.	0.	64,806.	64,806.	

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
CONSULTING & INVESTMENT MANAGEMENT FEES	198,701.	105,476.	93,225.	93,225.	
TO FORM 990-PF, PG 1, LN 16C	198,701.	105,476.	93,225.	93,225.	

FORM 990-PF	TAXES			STATEMENT	7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
PAYROLL TAXES	68,174.	0.	68,174.	68,174.	
REAL ESTATE TAXES	286,226.	0.	286,226.	286,226.	
TO FORM 990-PF, PG 1, LN 18	354,400.	0.	354,400.	354,400.	

FORM 990-PF	OTHER EXPENSES			STATEMENT	8
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
SHEEP PROGRAM EXPENSE	11,381.	0.	11,381.	11,381.	
BLACKSMITH PROJECT	10,736.	0.	10,736.	10,736.	
NURSERY EXPENSES	30,851.	0.	30,851.	30,851.	
RETREAT TRAILS	166.	0.	166.	166.	
SPECIAL EVENTS & MISC EXPENSES	19,679.	0.	19,679.	19,679.	

UNREIMBURSED EXPENSES FROM SUBSIDIARIES	567,035.	0.	567,035.	567,035.
MARKETING EXPENSE	16,125.	0.	16,125.	16,125.
OFFICE EXPENSES	38,778.	0.	38,778.	38,778.
TRAINING	107.	0.	107.	107.
FUNDRAISING	1,897.	0.	1,897.	1,897.
TO FORM 990-PF, PG 1, LN 23	696,755.	0.	696,755.	696,755.

FORM 990-PF OTHER INCREASES IN NET ASSETS OR FUND BALANCES STATEMENT 9

DESCRIPTION	AMOUNT
UNREALIZED GAINS ON INVESTMENTS	310,991.
CURRENT YEAR CHANGE IN PENSION OBLIGATION	83,395.
TOTAL TO FORM 990-PF, PART III, LINE 3	394,386.

FORM 990-PF CORPORATE STOCK STATEMENT 10

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCK	26,840,895.	26,840,895.
TOTAL TO FORM 990-PF, PART II, LINE 10B	26,840,895.	26,840,895.

FORM 990-PF OTHER INVESTMENTS STATEMENT 11

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
INVESTMENT IN AND ADVANCES TO SUBSIDIARY	COST	8,682,816.	8,682,816.
TOTAL TO FORM 990-PF, PART II, LINE 13		8,682,816.	8,682,816.

FORM 990-PF

MORTGAGES PAYABLE

STATEMENT 12

DESCRIPTION

BALANCE DUE

PEOPLE'S UNITED BANK

367,309.

TOTAL TO FORM 990-PF, PART II, LINE 21, COLUMN B

367,309.

FORM 990-PF

OTHER NOTES AND LOANS PAYABLE

STATEMENT 13

<u>LENDER'S NAME</u>	<u>TERMS OF REPAYMENT</u>	<u>SECURITY PROVIDED BY BORROWER</u>
MERRILL LYNCH	DUE ON DEMAND	FIXED INCOME PORTFOLIO

<u>DATE OF NOTE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>	<u>PURPOSE OF LOAN</u>
07/15/09		0.	.00%	PROVIDE WORKING CAPITAL TO SUBSIDIARY

RELATIONSHIP OF LENDER

NONE

<u>DESCRIPTION OF CONSIDERATION</u>	<u>FMV OF CONSIDERATION</u>	<u>BALANCE DUE</u>
	0.	9,931,787.

<u>LENDER'S NAME</u>	<u>TERMS OF REPAYMENT</u>	<u>SECURITY PROVIDED BY BORROWER</u>
VARIOUS INSTALLMENT NOTES	36 TO 48 MONTHS	VEHICLES

<u>DATE OF NOTE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>	<u>PURPOSE OF LOAN</u>
		145,033.	.00%	PURCHASE VEHICLES

RELATIONSHIP OF LENDER

NONE

<u>DESCRIPTION OF CONSIDERATION</u>	<u>FMV OF CONSIDERATION</u>	<u>BALANCE DUE</u>
	0.	75,412.

TOTAL TO FORM 990-PF, PART II, LINE 21, COLUMN B	<u>10,007,199.</u>
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FORM 990-PF

OTHER LIABILITIES

STATEMENT 14

DESCRIPTION

BOY AMOUNT

EOY AMOUNT

OTHER ACCRUED EXPENSES

1,839,479.

1,454,920.

TOTAL TO FORM 990-PF, PART II, LINE 22

1,839,479.

1,454,920.

FORM 990-PF

LIST OF CONTROLLED ENTITIES
PART VII-A, LINE 11

STATEMENT 15

NAME OF CONTROLLED ENTITY

EMPLOYER ID NO

TOWNSEND VERMONT HOLDINGS, INC.

27-0034707

ADDRESS

P.O. BOX 70
GRAFTON, VT 05146

NAME OF CONTROLLED ENTITY

EMPLOYER ID NO

TOWNSEND VERMONT HOLDINGS, INC.

27-0034707

ADDRESS

P.O. BOX 70
GRAFTON, VT 05146

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 16

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
EDWARD ZUCCARO P.O. BOX 70 GRAFTON, VT 05146	CHAIRMAN 10.00	12,000.	0.	0.
ROBERT ALLEN P.O. BOX 70 GRAFTON, VT 05146	PRESIDENT & CEO 40.00	305,769.	0.	0.
ELIZABETH BANKOWSKI P.O. BOX 70 GRAFTON, VT 05146	VICE PRESIDENT 8.00	16,000.	0.	0.
WILLIAM H. BRUETT P.O. BOX 70 GRAFTON, VT 05146	VICE PRESIDENT 8.00	12,000.	0.	0.
ROBERT M. OLMSTED P.O. BOX 70 GRAFTON, VT 05146	TREASURER 8.00	12,000.	0.	0.
WILLIAM A. GILBERT P.O. BOX 70 GRAFTON, VT 05146	SECRETARY 8.00	12,000.	0.	0.
ROBERT DONALD P.O. BOX 70 GRAFTON, VT 05146	ASST. SEC/TREAS. 40.00	163,462.	3,178.	17,007.
SAMUEL LAMBERT P.O. BOX 70 GRAFTON, VT 05146	TRUSTEE 8.00	12,000.	0.	0.
JAMIE SAPOCH P.O. BOX 70 GRAFTON, VT 05146	TRUSTEE 8.00	12,000.	0.	0.
JEFFREY SMITH P.O. BOX 70 GRAFTON, VT 05146	TRUSTEE 2.00	12,000.	0.	0.
DANIEL NORMANDEAU P.O. BOX 70 GRAFTON, VT 05146	VICE PRESIDENT 40.00	70,900.	3,965.	11,365.

FREDRIC BOSWELL	TRUSTEE			
P.O. BOX 70	2.00	13,000.	0.	0.
GRAFTON, VT 05146				

TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		653,131.	7,143.	28,372.
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FORM 990-PF SUMMARY OF DIRECT CHARITABLE ACTIVITIES STATEMENT 17

ACTIVITY ONE

PRESERVATION, RESTORATION AND MANAGEMENT OF HISTORICALLY AND CULTURALLY SIGNIFICANT PROPERTY IN GRAFTON AND OTHER VERMONT LOCATIONS, INCLUDING THE GRAFTON VILLAGE CHEESE COMPANY, THE GRAFTON INN AND THE RETREAT FARM.

EXPENSES

TO FORM 990-PF, PART IX-A, LINE 1		567,035.
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FORM 990-PF PART XV - LINE 1A STATEMENT 18
LIST OF FOUNDATION MANAGERS

NAME OF MANAGER

ROBERT M. OLMSTED
WILLIAM A. GILBERT

EIN: 13-6142024

THE WINDHAM FOUNDATION, INC.

FORM 990-PF

Part XV – Supplementary Information

Item 2:

The Windham Foundation limits its grants to assist Vermont elementary and secondary education although other non-profit agencies are considered from time to time. The Foundation has a particular interest in innovative programs and furthering proven academic programs that could be replicated in other Vermont locations. Grants are further limited by the Internal Revenue Service to tax-exempt organizations. The Foundation has an application form and guidelines available upon request. A grant request is best initiated through a letter describing the proposed project, including an approximate budget, a reference to other funding sources, enclosure of the latest available balance sheet and income statement, and a copy of the Internal Revenue Service determination letter as to the tax-exempt status of the applicant. Scholarship grants are limited to Windham County residents and are sent directly to the institution the student is attending.

The Windham Foundation, Inc.

Grants and Contributions Paid 4/1/2012 – 3/31/2013

<u>Recipient</u>	<u>Address</u>	<u>Amount</u>
Audubon Vermont	Huntington, VT	\$5,000
Bellows Falls Union HS – Boys & Girls Club	Bellows Falls, VT	\$100
Brattleboro Music Center	Rutland, VT	\$5,000
Champlain Valley Exposition	Brattleboro, VT	\$250
Gedakina	Burlington, VT	\$250
Girls on the Run of Vermont	Leverett, MA	\$100
Project Feed the Thousands	Vernon, VT	\$1,000
Grafton Firemen's Assn	Brattleboro, VT	\$1,000
Grafton Rescue Squad	Grafton, VT	\$500
Grafton Elementary School	Grafton, VT	\$2,500
Grafton Improvement Assn	Grafton, VT	\$359.21
Localmotion	Grafton, VT	\$1,000
Springfield Hospital	Burlington, VT	\$2,000
The Tutorial Center	Springfield, VT	\$100
Town of Grafton – Fire Hydrant Project	Bennington, VT	\$5,000
Town of Rockingham – Film Series	Grafton, VT	\$5,000
Vermont Symphony Orchestra	Rockingham, VT	\$350
Youth Services	Burlington, VT	\$1,000
	Brattleboro, VT	\$5,720

TOTAL **\$36,229.21**

All recipients of grants and contributions are public charities.

The Windham Foundation, Inc.

Grafton Fund Contributions Paid 4/1/2012-3/31/2013

<u>Recipient</u>	<u>Amount</u>
Draa Hobbs Ensemble – Concert Series	\$900
Grafton Women’s Community Club	\$2,000
Grafton Public Library	\$500
Grafton Elementary School – Holiday Party	\$1,212.53
Grafton Cares – tables	\$619.99
Grafton Promotional Assn	\$1,000
Tracey Noyes – 4H Grant	\$250
Nature Museum of Grafton	\$900

TOTAL	\$7,382.52
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The Windham Foundation, Inc.

Hurricane Irene Relief Fund Contributions Paid 4/1/2012-3/31/2013

<u>Recipient</u>	<u>Amount</u>
Grafton Cares	\$2,000.00
Grafton Cares (Gift Cards)	756.50

TOTAL	\$2,756.50
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