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Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust

Treated as a Private Foundation

OMB No 1545-0052

2008

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 2008, or tax year beginning JUL 1, 2008, and ending JUN 30, 2009

G Check all that apply ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation THE KAY FAMILY FOUNDATION		A Employer identification number 55-0883567
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number (909) 860-2000
	16381 SCIENTIFIC WAY	812	C If exemption application is pending, check here ☐
	City or town, state, and ZIP code IRVINE, CA 92618		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation			E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 26,563,622. (Part I, column (d) must be on cash basis.)		J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check ☒ if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments		507,678.	421,491.		STATEMENT 2
4 Dividends and interest from securities		381,520.	248,631.		STATEMENT 3
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		<2,776,764.>			STATEMENT 1
b Gross sales price for all assets on line 6a		24,040,924.			
7 Capital gain net income (from Part IV, line 2)			0.		
8 Net short-term capital gain					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income					
12 Total. Add lines 1 through 11		<1,887,566.>	670,122.		
13 Compensation of officers, directors, trustees, etc.		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees STMT 4		92,078.	92,078.		0.
b Accounting fees STMT 5		9,270.	9,270.		0.
c Other professional fees STMT 6		143,698.	139,676.		0.
17 Interest					
18 Taxes STMT 7		<10,163.>	35,308.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings		2,126.	2,126.		0.
22 Printing and publications					
23 Other expenses STMT 8		213.	213.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		237,222.	278,671.		0.
25 Contributions, gifts, grants paid		429,361.			429,361.
26 Total expenses and disbursements. Add lines 24 and 25		666,583.	278,671.		429,361.
27 Subtract line 26 from line 12		<2,554,149.>			
a Excess of revenue over expenses and disbursements			391,451.		
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)				N/A	

LHA For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Form 990-PF (2008)

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01-02-09

SCANNED FEB 26 2010

Revenue

Operating and Administrative Expenses

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WOODEN, UT

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		46,519.	100,024.	100,024.
	2	Savings and temporary cash investments		10,460,853.	17,034,672.	16,697,037.
	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				
	7	Other notes and loans receivable ▶ 1,261,044.				
		Less: allowance for doubtful accounts ▶		1,261,044.	1,261,044.	
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments - U S and state government obligations				
	b	Investments - corporate stock STMT 9	19,088,529.	7,927,338.	8,469,432.	
	c	Investments - corporate bonds				
Liabilities	11	Investments - land, buildings, and equipment basis ▶				
		Less: accumulated depreciation ▶				
	12	Investments - mortgage loans				
	13	Investments - other				
	14	Land, buildings, and equipment basis ▶				
		Less: accumulated depreciation ▶				
	15	Other assets (describe ▶ PREPAID FEDERAL TAX)	0.	36,085.	36,085.	
	16	Total assets (to be completed by all filers)	29,595,901.	26,359,163.	26,563,622.	
	17	Accounts payable and accrued expenses				
	18	Grants payable	1,504,511.	860,000.		
Net Assets or Fund Balances	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable				
	22	Other liabilities (describe ▶ ACCRUED EXCISE TAX)	18,078.	0.		
	23	Total liabilities (add lines 17 through 22)	1,522,589.	860,000.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐					
	and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ ☒					
	and complete lines 27 through 31.					
	27	Capital stock, trust principal, or current funds	0.	0.		
28	Paid-in or capital surplus, or land, bldg, and equipment fund	0.	0.			
29	Retained earnings, accumulated income, endowment, or other funds	28,073,312.	25,499,163.			
30	Total net assets or fund balances	28,073,312.	25,499,163.			
31	Total liabilities and net assets/fund balances	29,595,901.	26,359,163.			

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	28,073,312.
2	Enter amount from Part I, line 27a	2	<2,554,149.>
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	25,519,163.
5	Decreases not included in line 2 (itemize) ▶ PRIOR PERIOD ADJUSTMENT	5	20,000.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	25,499,163.

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Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a CITY NATIONAL BANK	P	07/01/08	06/30/09
b CITY NATIONAL BANK	P	06/30/08	06/30/09
c FIDELITY	P	01/01/09	06/30/09
d CAPITAL GAINS DIVIDENDS			
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 10,452,462.		11,551,564.	<1,099,102.>
b 12,504,668.		14,504,142.	<1,999,474.>
c 1,076,327.		761,982.	314,345.
d 7,467.			7,467.
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) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			<1,099,102.>
b			<1,999,474.>
c			314,345.
d			7,467.
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 7 }	2	<2,776,764.>
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	N/A

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

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

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

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

☐ Yes ☒ No

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

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

(a) Base period years 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))
2007	978,932.	31,991,774.	.030599
2006	1,020,879.	30,514,459.	.033456
2005	564,286.	15,979,473.	.035313
2004	0.	0.	.000000
2003			

2 Total of line 1, column (d)	2	.099368
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	.024842
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	27,315,587.
5 Multiply line 4 by line 3	5	678,574.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	3,915.
7 Add lines 5 and 6	7	682,489.
8 Enter qualifying distributions from Part XII, line 4 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	8	1,093,872.

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 ☐ and enter "N/A" on line 1 Date of ruling letter _____ (attach copy of ruling letter if necessary-see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b	1	3,915.
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	0.
3	Add lines 1 and 2	3	3,915.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	3,915.
6	Credits/Payments		
a	2008 estimated tax payments and 2007 overpayment credited to 2008	6a	40,000.
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	40,000.
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	36,085.
11	Enter the amount of line 10 to be Credited to 2009 estimated tax ☒ 36,085. Refunded ☒	11	0.

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)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		X
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 ☒ \$ 0. (2) On foundation managers ☒ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ☒ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
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? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		X
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ☒ CA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2008 or the taxable year beginning in 2008 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	SEE STATEMENT 10	11	X	
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?		12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?		13	X	

Website address ► N/A

14 The books are in care of ► STEVE KAY Telephone no ► (909) 860-2000
 Located at ► 16381 SCIENTIFIC WAY, IRVINE, CA ZIP+4 ► 92618

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

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

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

	Yes	No
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No	
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	☐ Yes ☒ No	
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	N/A	1b
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 2008?		1c X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a At the end of tax year 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008?	☐ Yes ☒ No	
If "Yes," list the years ►		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions)	N/A	2b
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No	
b If "Yes," did it have excess business holdings in 2008 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 2008.)	N/A	3b
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2008?		4b X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?

☐ 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)?

N/A

5b

Organizations relying on a current notice regarding disaster assistance check here

☐**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

☐ Yes ☐ No

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

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

6b

X

If you answered "Yes" to 6b, also file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?☐ Yes ☒ No**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

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
STEEVE KAY	CHIEF EXECUTIVE OFFICER			
16381 SCIENTIFIC WAY				
IRVINE, CA 92618	0.00	0.	0.	0.
ELEANOR KAY	SECRETARY			
16381 SCIENTIFIC WAY				
IRVINE, CA 92618	0.00	0.	0.	0.
ETHAN KAY	CHIEF FINANCIAL OFFICER			
16381 SCIENTIFIC WAY				
IRVINE, CA 92618	0.00	0.	0.	0.

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
NONE				

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

0

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	19,999,929.
b	Average of monthly cash balances	1b	6,470,587.
c	Fair market value of all other assets	1c	1,261,044.
d	Total (add lines 1a, b, and c)	1d	27,731,560.
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	27,731,560.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	415,973.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	27,315,587.
6	Minimum investment return. Enter 5% of line 5	6	1,365,779.

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	1,365,779.
2a	Tax on investment income for 2008 from Part VI, line 5	2a	3,915.
b	Income tax for 2008 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	3,915.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,361,864.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	1,361,864.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1.	7	1,361,864.

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	1,093,872.
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	
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	1,093,872.
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	3,915.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,089,957.

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.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				1,361,864.
2 Undistributed income, if any, as of the end of 2007				
a Enter amount for 2007 only			1,030,392.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2008				
a From 2003				
b From 2004				
c From 2005				
d From 2006				
e From 2007				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2008 from Part XII, line 4 ▶ \$ 1,093,872.				
a Applied to 2007, but not more than line 2a			1,030,392.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2008 distributable amount				63,480.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2008 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
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		0.		
d Subtract line 6c from line 6b Taxable amount - see instructions		0.		
e Undistributed income for 2007 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2008 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2009				1,298,384.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2003 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2004				
b Excess from 2005				
c Excess from 2006				
d Excess from 2007				
e Excess from 2008				

N/A

- ☐ 4942(I)(3) or ☐ 4942(I)(5)

- 3 Subtract line 2c from line 2b.
 - 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)(iii)
 - (3) Largest amount of support from an exempt organization
 - (4) Gross investment income

07025 1

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
		(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue						
a _____						
b _____						
c _____						
d _____						
e _____						
f _____						
g Fees and contracts from government agencies						
2 Membership dues and assessments						
3 Interest on savings and temporary cash investments				14	507,678.	
4 Dividends and interest from securities				14	381,520.	
5 Net rental income or (loss) from real estate						
a Debt-financed property						
b Not debt-financed property						
6 Net rental income or (loss) from personal property						
7 Other investment income						
8 Gain or (loss) from sales of assets other than inventory				18	<2,776,764.>	
9 Net income or (loss) from special events						
10 Gross profit or (loss) from sales of inventory						
11 Other revenue						
a _____						
b _____						
c _____						
d _____						
e _____						
12 Subtotal. Add columns (b), (d), and (e)			0.		<1,887,566.>	0.
13 Total. Add line 12, columns (b), (d), and (e)						13 <1,887,566.>

(See worksheet in line 13 instructions to verify calculations)

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

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

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

[illegible]

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

b If "Yes," complete the following schedule		
(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Signature of officer or trustee: [Signature] Date: 12/2/2010 Title: CEO

Preparer's signature: [Signature] Date: 1/14/2011 Check if self-employed: ☐ Preparer's identifying number: 7175123

Firm's name (or yours if self-employed), address, and ZIP code: HALL & COMPANY CPAS, INC.
540 WALD STREET
IRVINE, CA 92618

EIN: 33-0941617 Phone no: (949) 910-4255

FORM 990-PF GAIN OR (LOSS) FROM SALE OF ASSETS STATEMENT 1

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED	DATE ACQUIRED	DATE SOLD
CITY NATIONAL BANK	PURCHASED	07/01/08	06/30/09

(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS
10,452,462.	11,551,564.	0.	0.	<1,099,102.>

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED	DATE ACQUIRED	DATE SOLD
CITY NATIONAL BANK	PURCHASED	06/30/08	06/30/09

(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS
12,504,668.	14,504,142.	0.	0.	<1,999,474.>

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED	DATE ACQUIRED	DATE SOLD
FIDELITY	PURCHASED	01/01/09	06/30/09

(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS
1,076,327.	761,982.	0.	0.	314,345.

CAPITAL GAINS DIVIDENDS FROM PART IV

7,467.

TOTAL TO FORM 990-PF, PART I, LINE 6A

<2,776,764.>

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 2

SOURCE	AMOUNT
CITY NATIONAL BANK	431,692.
FIDELITY	31,015.
KENILWORTH	44,971.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	507,678.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 3

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CITY NATIONAL BANK	388,440.	7,467.	380,973.
CITY NATIONAL BANK	547.	0.	547.
TOTAL TO FM 990-PF, PART I, LN 4	388,987.	7,467.	381,520.

FORM 990-PF LEGAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL & PROFESSIONAL	92,078.	92,078.		0.
TO FM 990-PF, PG 1, LN 16A	92,078.	92,078.		0.

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	9,270.	9,270.		0.
TO FORM 990-PF, PG 1, LN 16B	9,270.	9,270.		0.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	6
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT ADVISORY FEES	137,903.	133,881.		0.
TRUSTEE FEES	5,795.	5,795.		0.
TO FORM 990-PF, PG 1, LN 16C	143,698.	139,676.		0.

FORM 990-PF	TAXES	STATEMENT	7
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	390.	390.		0.
TAXES & LICENSE	118.	118.		0.
EXCISE TAX	<11,471.>	34,000.		0.
STATE TAXES	800.	800.		0.
TO FORM 990-PF, PG 1, LN 18	<10,163.>	35,308.		0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	8
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
POSTAGE & SHIPPING	66.	66.		0.
DUES	92.	92.		0.
BANK CHARGES	55.	55.		0.
TO FORM 990-PF, PG 1, LN 23	213.	213.		0.

FORM 990-PF

CORPORATE STOCK

STATEMENT

9

DESCRIPTIONBOOK VALUEFAIR MARKET
VALUECITY NATIONAL BANK
FIDELITY

7,681,202.

8,181,324.

246,136.

288,108.

TOTAL TO FORM 990-PF, PART II, LINE 10B

7,927,338.

8,469,432.

FORM 990-PF TRANSFERS TO CONTROLLED ORGANIZATIONS STATEMENT 10
PART VII-A, LINE 11A

NAME OF CONTROLLED ENTITY

EMPLOYER ID NO

KAY CAPITAL PARTNERS

26-3736826

ADDRESS

16381 SCIENTIFIC WAY
IRVINE, CA 92618

DESCRIPTION OF TRANSFER

KAY CAPITAL PARTNERS IS A SINGLE MEMBER LLC OWNED 100% BY THE KAY FAMILY FOUNDATION.

AMOUNT
OF TRANSFER

0.

TOTAL AMOUNT OF TRANSFERS TO CONTROLLED ORGANIZATIONS

FORM 990-PF GRANTS AND CONTRIBUTIONS STATEMENT 11
PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
BURMA BENEVOLENT ASSOCIATION OF LA, INC 668 N SPRING ST, LOS ANGELES, CA 90012	NONE RELIGIOUS & EDUCATIONAL	PUBLIC CHARITY	18,200.
BURMESE CHRISTIAN COMMUNITY SILICON VALLEY 30 KIRK AVENUE, SAN JOSE, CA 95127	NONE RELIGIOUS & EDUCATIONAL	PUBLIC CHARITY	20,000.
CATO INSTITUTE, 1000 MASSACHUSETTS AVENUE, WASHINGTON, DC 20001	NONE PUBLIC POLICY	PUBLIC CHARITY	25,000.

CHAPMAN UNIVERSITY, 333 N GLASSELL ST, ORANGE, CA 92866	NONE EDUCATIONAL	PUBLIC CHARITY	56,411.
CHINA SOUL, PO BOX 450, PETALUMA, CA 94953	NONE RELIGIOUS & EDUCATIONAL	PUBLIC CHARITY	10,000.
CHINESE CHRISTIAN MISSION, 1269 N MCDOWELL BLVD, PETALUMA, CA 94954	NONE RELIGIOUS & EDUCATIONAL	PUBLIC CHARITY	1,000.
CLAREMONT GRADUATE UNIVERSITY, 165 EAST TENTH STREET, CLAREMONT, CA 91711	NONE EDUCATIONAL	PUBLIC CHARITY	121,311.
CONCORDIA UNIVERSITY, 1530 CONCORDIA WEST, IRVINE, CA 92612	NONE EDUCATIONAL	PUBLIC CHARITY	200,000.
CORNERSTONE GRACE EVANGELICAL BAPTIST CHURCH 801 SILVER AVE, SAN FRANCISCO, CA 94134	NONE EDUCATIONAL	PUBLIC CHARITY	1,000.
EVANGEL LITERATURE, 1525 SOLANO AVE, ALBANY, CA 94707	NONE RELIGIOUS & EDUCATIONAL	PUBLIC CHARITY	500.
FAITH AND WORK LIFE, 250 NEWPORT CENTER DRIVE, M101 , NEWPORT BEACH, CA 9266	NONE RELIGIOUS	PUBLIC CHARITY	50,000.
IRVINE CANAAN CHRISTIAN COMMUNITY CHURCH 17321 MURPHY AVE, IRVINE, CA 92614	NONE RELIGIOUS & EDUCATIONAL	PUBLIC CHARITY	14,500.
KINNOVATION, 16391 SCIENTIFIC, IRVINE, CA 92618	NONE EDUCATIONAL	PUBLIC CHARITY	122,000.

MARINER'S CHURCH, 5001 NEWPORT COAST DR, IRVINE, CA 92603	NONE RELIGIOUS	PUBLIC CHARITY	50,000.
ROCKBRIDGE UNIVERISTY, 3111 E. BATTLEFIELD RD., SPRINGFIELD, MO 65804	NONE RELIGIOUS & EDUCATIONAL	PUBLIC CHARITY	38,000.
SBC NORTH AMERICAN FELLOWSHIP, 4732 EL RANCHO VERDE DR, LA PALMA, CA 90623	NONE RELIGIOUS	PUBLIC CHARITY	100,000.
SOUTHERN CALIFORNIA BURMA CHINESE ASSOCIATION 5411 VALLEY BLVD, #A, LOS ANGELES, CA 90032	NONE EDUCATIONAL	PUBLIC CHARITY	2,000.
SOUTHTOWN BAPTIST CHURCH, 2600 WEST 82ND STREET, BLOOMINGTON, MN 55431	NONE RELIGIOUS	PUBLIC CHARITY	2,200.
STANFORD UNIVERSITY, 326 GALVEZ STREET, STANFORD, CA 94305	NONE EDUCATIONAL	PUBLIC CHARITY	5,000.
TEAM, PO BOX 969, WHEATON, IL 60189	NONE RELIGIOUS	PUBLIC CHARITY	5,000.
TEFNA, 2720 SUNSET HILL DR, WEST COVINA, CA 91791	NONE EDUCATIONAL	PUBLIC CHARITY	50,000.
THE SALVATION ARMY, P.O. BOX 2325, POMONA, CA 91766	NONE COMMUNITY OUTREACH	PUBLIC CHARITY	750.
TOUHLIFE MISSION, P.O.BOX 5514, DIAMOND BAR, CA 91765	NONE RELIGIOUS	PUBLIC CHARITY	500.

THE KAY FAMILY FOUNDATION

55-0883567

TRUELIGHT, P.O. BOX 28538,
JACKSONVILLE, FL 32218

NONE
RELIGIOUS

PUBLIC
CHARITY 500.

UCI FOUNDATION, 555 ALDRICH HALL, NONE
IRVINE, CA 92697

EDUCATIONAL

PUBLIC
CHARITY 200,000.

TOTAL TO FORM 990-PF, PART XV, LINE 3A

1,093,872.

Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

► **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on e-file for Charities & Nonprofits.

Type or print	Name of Exempt Organization THE KAY FAMILY FOUNDATION	Employer identification number 55-0883567
File by the due date for filing your return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions. 16381 SCIENTIFIC WAY, NO. 812	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. IRVINE, CA 92618	

Check type of return to be filed (file a separate application for each return):

- | | | |
|---|---|------------------------------------|
| ☐ Form 990 | ☐ Form 990-T (corporation) | ☐ Form 4720 |
| ☐ Form 990-BL | ☐ Form 990-T (sec. 401(a) or 408(a) trust) | ☐ Form 5227 |
| ☐ Form 990-EZ | ☐ Form 990-T (trust other than above) | ☐ Form 6069 |
| ☒ Form 990-PF | ☐ Form 1041-A | ☐ Form 8870 |

STEEVE KAY

- The books are in the care of ► **16381 SCIENTIFIC WAY - IRVINE, CA 92618**
Telephone No. ► **(909) 860-2000** FAX No. ►

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ☐ . If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension will cover.

- 1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until **FEBRUARY 15, 2010**, to file the exempt organization return for the organization named above. The extension

is for the organization's return for:

- ☐ calendar year _____ or
► ☒ tax year beginning **JUL 1, 2008**, and ending **JUN 30, 2009**.

- 2 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$ 3,915.
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$ 40,000.
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$ 0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA **For Privacy Act and Paperwork Reduction Act Notice, see Instructions.**

Form **8868** (Rev. 4-2009)