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Return of Organization Exempt From Income Tax

2008

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

Open to Public Inspection

For the 2008 calendar year, or tax year beginning 7/01, 2008, and ending 6/30, 2009

Part I Summary: B Check if applicable (Address change, Name change, Initial return, Termination, Amended return, Application pending); D Employer Identification Number 68-0314615; E Telephone number 707/769-1334; F Name and address of principal officer ROBERT DELEO; G Gross receipts \$ 2,288,415; H(a) Is this a group return for affiliates? Yes No; H(b) Are all affiliates included? Yes No; I Tax-exempt status 501(c) (3); J Website WWW.POLLYKLAAS.ORG; K Type of organization Corporation; L Year of Formation 1993; M State of legal domicile CA

Part II Signature Block: 1 Briefly describe the organization's mission or most significant activities. THE POLLY KLAAS FOUNDATION IS A NATIONAL NONPROFIT... 2 Check this box if the organization discontinued its operations... 3-7a Activities & Governance table; 8-12 Revenue table; 13-19 Expenses table; 20-22 Net Assets or Fund Balances table

Part III Sign Here: Under penalties of perjury, I declare that I have examined this return... Signature of officer ROBERT DE LEO, Date 12-03-09, Type or print name and title EXECUTIVE DIRECTOR

Preparer's information: Preparer's signature SUSANNE GORANSON, Date 11/30/2009, Check if self employed, Preparer's identifying number P00049464, Firm's name SUSAN E. GORANSON, CPA, 446 BEAVER STREET, SANTA ROSA, CA 95404, EIN 68-0448517, Phone no (707) 542-1256

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

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Part III Statement of Program Service Accomplishments (see instructions)

1 Briefly describe the organization's mission:

THE POLLY KLAAS® FOUNDATION IS A NATIONAL NONPROFIT FOUNDED IN 1993 FOLLOWING THE ABDUCTION AND MURDER OF POLLY KLASS. THE FOUNDATION IS COMMITTED TO THE RECOVERY OF MISSING CHILDREN AND THE PROMOTION OF CHILD ABDUCTION PREVENTION PROGRAMS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If 'Yes,' describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If 'Yes,' describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 137,531. including grants of \$) (Revenue \$)

SEE SCHEDULE O

4b (Code:) (Expenses \$ 215,335. including grants of \$) (Revenue \$)

SEE SCHEDULE O

4c (Code:) (Expenses \$ 47,098. including grants of \$) (Revenue \$)

SEE SCHEDULE O

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ \$ 399,964. (Must equal Part IX, Line 25, column (B))

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?		X
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I		X
4 Section 501(c)(3) organizations Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II	X	
5 Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If 'Yes,' complete Schedule C, Part III		
6 Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV		X
10 Did the organization hold assets in term, permanent, or quasi-endowments? If 'Yes,' complete Schedule D, Part V		X
11 Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If 'Yes,' complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
12 Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If 'Yes,' complete Schedule D, Parts XI, XII, and XIII	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the U.S.?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If 'Yes,' complete Schedule F, Part I		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Part II		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If 'Yes,' complete Schedule F, Part III		X
17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If 'Yes,' complete Schedule G, Part I		X
18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III		X
20 Did the organization operate one or more hospitals? If 'Yes,' complete Schedule H		X
21 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If 'Yes,' complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If 'Yes,' complete Schedule I, Parts I and III		X
23 Did the organization answer 'Yes' to Part VII, Section A, questions 3, 4, or 5? If 'Yes,' complete Schedule J		X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, and that was issued after December 31, 2002? If 'Yes,' answer questions 24b-24d and complete Schedule K. If 'No,' go to question 25		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If 'Yes,' complete Schedule L, Part I		X
b Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If 'Yes,' complete Schedule L, Part I		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If 'Yes,' complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If 'Yes,' complete Schedule L, Part III		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
28 During the tax year, did any person who is a current or former officer, director, trustee, or key employee.		
a Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
b Have a family member who had a direct or indirect business relationship with the organization? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
c Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If 'Yes,' complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M</i>	X	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If 'Yes,' complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If 'Yes,' complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If 'Yes,' complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1</i>		X
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If 'Yes,' complete Schedule R, Part V, line 2</i>		X
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If 'Yes,' complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If 'Yes,' complete Schedule R, Part VI</i>		X

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Form 990 (2008)

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1 a	Enter the number reported in Box 3 of form 1096, Annual Summary and Transmittal of U S Information Returns Enter -0- if not applicable		
1 b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
1 c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		X
2 a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2 b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	X	
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
3 b	If 'Yes,' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O		
4 a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
	If 'Yes,' enter the name of the foreign country. See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5 b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5 c	If 'Yes,' to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
6 a	Did the organization solicit any contributions that were not tax deductible?		X
6 b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7 a	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?		X
7 b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?		
7 c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7 d	If 'Yes,' indicate the number of Forms 8282 filed during the year		
7 e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7 f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7 g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		X
7 h	For all contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		X
8	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.		
9 a	Did the organization make any taxable distributions under section 4966?		
9 b	Did the organization make any distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter.		
10 a	Initiation fees and capital contributions included on Part VIII, line 12		
10 b	Gross Receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter.		
11 a	Gross income from other members or shareholders.		
11 b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12 a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12 b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year		

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Part VI Governance, Management and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

For each 'Yes' response to lines 2-7b below, and for a 'No' response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O See instructions.

		Yes	No
1 a	Enter the number of voting members of the governing body		
1 b	Enter the number of voting members that are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a material diversion of the organization's assets?		X
6	Does the organization have members or stockholders?		X
7 a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
7 b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8 a	The governing body?	X	
8 b	Each committee with authority to act on behalf of the governing body?	X	
9 a	Does the organization have local chapters, branches, or affiliates?		X
9 b	If 'Yes,' does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990 SEE SCHEDULE O	X	
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O		X

Section B. Policies

		Yes	No
12 a	Does the organization have a written conflict of interest policy? If 'No,' go to line 13	X	
12 b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12 c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done SEE SCHEDULE O	X	
13	Does the organization have a written whistleblower policy?	X	
14	Does the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
15 a	The organization's CEO, Executive Director, or top management official?	X	
15 b	Other officers of key employees of the organization? SEE SCHEDULE O Describe the process in Schedule O. (see instructions)		X
16 a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16 b	If 'Yes,' has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosures

- 17 List the states with which a copy of this Form 990 is required to be filed ▶ CA WA OR
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request
- 19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public SEE SCHEDULE O
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 ▶ ROBERT DE LEO 312 WESTERN AVENUE, PETALUMA, CA 94952 707/769-1334

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1 a Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) or more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if the organization did not compensate any officer, director, trustee, or key employee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W 2/1099 MISC)	(E) Reportable compensation from related organizations (W 2/1099 MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ROBERT DELEO EXECUTIVE DIREC	40			X			111,000.	0.	0.	
STEPHANIE MANGO TREASURER	2	X					0.	0.	0.	
GARY JUDD VICE PRESIDENT	2	X					0.	0.	0.	
MARGE FORD SECRETARY	2	X					0.	0.	0.	
MOLLY WERTZ PRESIDENT	2	X					0.	0.	0.	
DAN FISH DIRECTOR	2	X					0.	0.	0.	
KATHLEEN MOAZED DIRECTOR	2	X					0.	0.	0.	
KATHLEEN MILLER DIRECTOR	2	X					0.	0.	0.	
ALAN GEORGE DIRECTOR	2	X					0.	0.	0.	
EVE NICHOL DIRECTOR	2	X					0.	0.	0.	

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1 a Federated campaigns	1 a			
	b Membership dues	1 b			
	c Fundraising events	1 c			
	d Related organizations	1 d			
	e Government grants (contributions)	1 e			
	f All other contributions, gifts, grants, and similar amounts not included above	1 f 1,447,299.			
	g Noncash contribns included in lns 1a-1f	\$ 1,403,668.			
h Total. Add lines 1a-1f		1,447,299.			
PROGRAM SERVICE REVENUE	2 a <u>OTHER INCOME</u>	Business Code	347.	347.	
	b -----				
	c -----				
	d -----				
	e -----				
	f All other program service revenue				
	g Total. Add lines 2a-2f		347.		
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts)		92,554.		92,554.
	4 Income from investment of tax-exempt bond proceeds				
	5 Royalties				
	6 a Gross Rents	(i) Real (ii) Personal			
	b Less rental expenses				
	c Rental income or (loss)				
	d Net rental income or (loss)				
	7 a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other	290,308. 457,907.		
	b Less cost or other basis and sales expenses		381,077. 1,403,668.		
	c Gain or (loss)		-90,769. -945,761.		
	d Net gain or (loss)		-1,036,530. -1,036,530.		
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a			
	b Less direct expenses	b			
	c Net income or (loss) from fundraising events				
	9 a Gross income from gaming activities. See Part IV, line 19	a			
b Less direct expenses	b				
c Net income or (loss) from gaming activities					
10 a Gross sales of inventory, less returns and allowances	a				
b Less cost of goods sold	b				
c Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code			
11 a -----					
b -----					
c -----					
d All other revenue					
e Total. Add lines 11a-11d					
12 Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		503,670.	-1,036,183.	0.	92,554.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	111,000.	94,350.	11,100.	5,550.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B))	0.	0.	0.	0.
7 Other salaries and wages	164,382.	84,579.	42,454.	37,349.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	7,345.	4,458.	1,987.	900.
9 Other employee benefits	25,344.	16,211.	8,605.	528.
10 Payroll taxes	20,048.	13,026.	3,899.	3,123.
11 Fees for services (non-employees)				
a Management				
b Legal	38.		38.	
c Accounting	19,080.		19,080.	
d Lobbying				
e Prof fundraising svcs. See Part IV, ln 17				
f Investment management fees				
g Other	101,533.	25,657.	58,886.	16,990.
12 Advertising and promotion				
13 Office expenses				
14 Information technology	11,804.	5,999.	5,805.	
15 Royalties				
16 Occupancy	23,305.		23,305.	
17 Travel	7,645.	4,118.	3,447.	80.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	400.		400.	
23 Insurance	4,257.		4,257.	
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a <u>SUPPLIES AND EQUIPMENT</u>	31,991.	24,404.	7,587.	
b <u>POSTAGE AND SHIPPING</u>	24,562.	21,968.	2,594.	
c <u>OTHER OPERATING EXPENSE</u>	17,797.	16,664.	1,133.	
d <u>BANK/INVESTMENT FEES</u>	13,822.		13,822.	
e <u>EQUIPMENT RENTAL</u>	6,857.	4,291.	2,566.	
f All other expenses	7,223.	84,239.	-95,643.	18,627.
25 Total functional expenses. Add lines 1 through 24f	598,433.	399,964.	115,322.	83,147.
26 Joint Costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
ASSETS	1 Cash — non-interest-bearing		1	
	2 Savings and temporary cash investments	1,548,090.	2	1,549,024.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	132,176.	4	76,564.
	5 Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	45,996.	8	21,592.
	9 Prepaid expenses and deferred charges	7,048.	9	7,071.
	10a Land, buildings, and equipment cost basis	10a 92,901.		
	b Less accumulated depreciation Complete Part VI of Schedule D	10b 92,043.	1,258.	10c 858.
	11 Investments — publicly-traded securities	2,888,787.	11	2,494,451.
	12 Investments — other securities. See Part IV, line 11		12	
	13 Investments — program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	4,623,355.	16	4,149,560.	
LIABILITIES	17 Accounts payable and accrued expenses	21,151.	17	29,765.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow account liability Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable		24	
	25 Other liabilities Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	21,151.	26	29,765.
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29 and lines 33 and 34.			
	27 Unrestricted net assets	4,602,204.	27	4,119,795.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, and equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances.	4,602,204.	33	4,119,795.	
34 Total liabilities and net assets/fund balances.	4,623,355.	34	4,149,560.	

Part XI Financial Statements and Reporting

1 Accounting method used to prepare the Form 990. Cash Accrual Other

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c If 'Yes' to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If 'Yes,' did the organization undergo the required audit or audits?

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

BAA

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include 'unusual grants'.)	5,219,136.	3,672,973.	2,995,006.	2,777,786.		14,664,901.
2 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf						0.
3 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.						0.
4 Total. Add lines 1-3	5,219,136.	3,672,973.	2,995,006.	2,777,786.	0.	14,664,901.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						0.
6 Public support. Subtract line 5 from line 4						14,664,901.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4	5,219,136.	3,672,973.	2,995,006.	2,777,786.	0.	14,664,901.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	78,777.	136,241.	146,215.	139,876.		501,109.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0.
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						0.
11 Total support. Add lines 7 through 10						15,166,010.
12 Gross receipts from related activities, etc. (see instructions)					12	0.

13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage for 2007 Schedule A, Part IV-A, line 26f	15	%

16a 33-1/3 support test – 2008. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization.

b 33-1/3 support test – 2007. If the organization did not check a box on line 13, or 16a, and line 15 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization.

17a 10%-facts-and-circumstances test – 2008. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization.

b 10%-facts-and-circumstances test – 2007. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization.

18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions.

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include 'unusual grants'.)						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in a activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1-5						
7a Amounts included on lines 1, 2, 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (add lns 9, 10c, 11, and 12)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

15 Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2007 Schedule A, Part IV-A, line 27g	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2007 Schedule A, Part IV-A, line 27h	18	%

19a 33-1/3 support tests – 2008. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

b 33-1/3 support tests – 2007. If the organization did not check a box on line 14 or 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions.

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities
For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **To be completed by organizations described below.**
▶ **Attach to Form 990 or Form 990-EZ.**

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2008

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Department of the Treasury
Internal Revenue Service

If the organization answered 'Yes,' to Form 990, Part IV, line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations complete Part I-A only.

If the organization answered 'Yes,' to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)). Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)). Complete Part II-B. Do not complete Part II-A.

If the organization answered 'Yes,' to Form 990, Part IV, line 5 (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations. Complete Part III.

Name of organization THE POLLY KLAAS FOUNDATION	Employer identification number 68-0314615
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Part I-A To be completed by all organizations exempt under section 501(c) and section 527 organizations.
See the instructions for Schedule C for details.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures ▶ \$ _____
- 3 Volunteer hours

Part I-B To be completed by all organizations exempt under section 501(c)(3).
See the instructions for Schedule C for details.

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?
 Yes No
- 4a Was a correction made?
b If 'Yes,' describe in Part IV. Yes No

Part I-C To be completed by all organizations exempt under section 501(c), except section 501(c)(3).
See the instructions for Schedule C for details.

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$ _____
- 3 Total of direct and indirect exempt function expenditures. Add lines 1 and 2 and enter here and on Form 1120-POL, line 17b ▶ \$ _____
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 State the names, addresses and employer identification number (EIN) of all section 527 political organizations to which payments were made. Enter the amount paid and indicate if the amount was paid from the filing organization's funds or were political contributions received and promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's own internal funds. If none, enter 0	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter 0

Part II-A To be completed by organizations exempt under section 501(c)(3) that filed Form 5768 (election under section 501(h)). See the instructions for Schedule C for details.

- A** Check if the filing organization belongs to an affiliated group.
B Check if the filing organization checked box A and 'limited control' provisions apply

Limits on Lobbying Expenditures – (The term 'expenditures' means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		6,342.	
b Total lobbying expenditures to influence a legislative body (direct lobbying)			
c Total lobbying expenditures (add lines 1a and 1b)		6,342.	0.
d Other exempt purpose expenditures			
e Total exempt purpose expenditures (add lines 1c and 1d)		6,342.	0.
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		1,268.	
If the amount on line 1e, column (a) or (b) is: The lobbying nontaxable amount is Not over \$500,000 20% of the amount on line 1e. Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000			
g Grassroots nontaxable amount (enter 25% of line 1f)		317.	0.
h Subtract line 1g from line 1a. Enter -0- if line g is more than line a		6,025.	0.
i Subtract line 1f from line 1c. Enter -0- if line f is more than line c		5,074.	0.
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

4-Year Averaging Period Under Section 501(h)
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) Total
2a Lobbying non-taxable amount	163,127.	4,187.	1,966.	1,268.	170,548.
b Lobbying ceiling amount (150% of line 2a, column (e))					255,822.
c Total lobbying expenditures	46,352.	20,937.	9,828.	6,342.	83,459.
d Grassroots non-taxable amount	40,782.	1,047.	492.	317.	42,638.
e Grassroots ceiling amount (150% of line 2d, column (e))					63,957.
f Grassroots lobbying expenditures	43,873.	20,937.	9,828.	6,342.	80,980.

BAA

Schedule C (Form 990 or 990-EZ) 2008

Part II-B To be completed by organizations exempt under section 501(c)(3) that have NOT filed Form 5768 (election under section 501(h)). See the instructions for Schedule C for details.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?			
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c Media advertisements?			
d Mailings to members, legislators, or the public?			
e Publications, or published or broadcast statements?			
f Grants to other organizations for lobbying purposes?			
g Direct contact with legislators, their staffs, government officials, or a legislative body?			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means?			
i Other activities? If 'Yes,' describe in Part IV			
j Total lines 1c through 1i			
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b If 'Yes,' enter the amount of any tax incurred under section 4912			
c If 'Yes,' enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6). See the instructions for Schedule C for details.

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carryover lobbying and political expenditures from the prior year?	3	

Part III-B To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, questions 1 and 2 are answered 'No' OR if Part III-A, question 3 is answered 'Yes.' See Schedule C Instructions for details.

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (line 2c total minus 3 and 4)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1. Also, complete this part for any additional information.

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

Attach to Form 990. To be completed by organizations that answered 'Yes,' to Form 990, Part IV, lines 6, 7, 8, 9, 10, 11, or 12.

OMB No 1545 0047

2008

Open to Public Inspection

Name of the organization

THE POLLY KLAAS FOUNDATION

Employer identification number

68-0314615

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit??		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easement it holds? Yes No

6 Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? Yes No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

1 a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items.

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Trust, Escrow and Custodial Arrangements Complete if organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If 'Yes,' explain the arrangement in Part XIV and complete the following table.

	Amount
1c	
1d	
1e	
1f	

- c Beginning balance
- d Additions during the year
- e Distributions during the year
- f Ending balance

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If 'Yes,' explain the arrangement in Part XIV.

Part V Endowment Funds Complete if organization answered 'Yes' to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment ▶ _____ %
- b Permanent endowment ▶ _____ %
- c Term endowment ▶ _____ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

	Yes	No
3a(i) unrelated organizations		
3a(ii) related organizations		
3b		

- (i) unrelated organizations
- (ii) related organizations

b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book Value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment		92,901.	92,043.	858.
e Other				

Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶ 858.

Part VII Investments—Other Securities See Form 990, Part X, line 12. N/A

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other		

Total (Column (b) should equal Form 990 Part X, col. (B) line 12.) ▶		

Part VIII Investments—Program Related (See Form 990, Part X, line 13) N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total (Column (b) should equal Form 990, Part X, Col. (B) line 13) ▶		

Part IX Other Assets (See Form 990, Part X, line 15) N/A

(a) Description	(b) Book value
Total (Column (b) Total (should equal Form 990, Part X, col. (B), line 15) ▶	

Part X Other Liabilities (See Form 990, Part X, line 25)

(a) Description of Liability	(b) Amount
Federal Income Taxes	
Total (Column (b) Total (should equal Form 990, Part X, col. (B) line 25) ▶	

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48.

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)		503,670.
2	Total expenses (Form 990, Part IX, column (A), line 25)		598,433.
3	Excess or (deficit) for the year. Subtract line 2 from line 1		-94,763.
4	Net unrealized gains (losses) on investments		-387,646.
5	Donated services and use of facilities		
6	Investment expenses		
7	Prior period adjustments		
8	Other (Describe in Part XIV)		
9	Total adjustments (net) Add lines 4-8		-387,646.
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9		-482,409.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements		1	594,439.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12.			
	a Net unrealized gains on investments	2a		
	b Donated services and use of facilities	2b		
	c Recoveries of prior year grants	2c		
	d Other (Describe in Part XIV) SEE PART XIV	2d	90,769.	
	e Add lines 2a through 2d	2e		90,769.
3	Subtract line 2e from line 1		3	503,670.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1.			
	a Investments expenses not included on Form 990, Part VIII, line 7b	4a		
	b Other (Describe in Part XIV)	4b		
	c Add lines 4a and 4b	4c		
5	Total revenue. Add lines 3 and 4c. (This should equal Form 990, Part I, line 12.)		5	503,670.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements		1	598,433.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
	a Donated services and use of facilities	2a		
	b Prior year adjustments	2b		
	c Losses reported on Form 990, Part IX, line 25	2c		
	d Other (Describe in Part XIV)	2d		
	e Add lines 2a through 2d	2e		
3	Subtract line 2e from line 1		3	598,433.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
	a Investments expenses not included on Form 990, Part VIII, line 7b	4a		
	b Other (Describe in Part XIV)	4b		
	c Add lines 4a and 4b	4c		
5	Total expenses Add lines 3 and 4c (This should equal Form 990, Part I, line 18)		5	598,433.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b.

2008

SCHEDULE D, PART XIV - SUPPLEMENTAL INFORMATION PAGE 6

THE POLLY KLAAS FOUNDATION

68-0314615

SCHEDULE D, PART XII, LINE 2D
OTHER REVENUE INCLUDED IN F/S BUT NOT INCLUDED ON FORM 990

REALIZED LOSS ON INVESTMENTS

TOTAL \$ 90,769.
\$ 90,769.

**SCHEDULE M
(Form 990)**

Non-Cash Contributions

OMB No 1545 0047

2008

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

► To be completed by organizations that answered 'Yes'
on Form 990, Part IV, lines 29 or 30.

► Attach to Form 990.

Name of the organization

THE POLLY KLAAS FOUNDATION

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Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles	X	60,000	457,907.	NET SALES
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution (historic structures)				
14 Qualified conservation contribution (other)				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (_____)				
26 Other ► (_____)				
27 Other ► (_____)				
28 Other ► (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement 29

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? b If 'Yes,' describe the arrangement in Part II		X
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	X	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? b If 'Yes,' describe in Part II. SEE PART II	X	
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II.		

BAA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) 2008

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

PART I, LINE 32 - HIRE AND USE OF THIRD PARTIES

AUTO DONATION PROGRAM USES A THIRD PARTY SELLER

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990. To be completed by organizations to provide
additional information for responses to specific questions for the
Form 990 or to provide any additional information.

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FORM 990, PART III, LINE 4A - PROGRAM SERVICE ACCOMPLISHMENTS

THE CHILD SAFETY KIT IS OUR FLAGSHIP PUBLICATION AND THE PRINCIPAL VEHICLE FOR MISSION FULFILLMENT IN THE AREAS OF EDUCATION AND ABDUCTION PREVENTION. THE KIT INCLUDES 24 PAGES OF POSITIVE, ENCOURAGING GUIDANCE FOR PARENTS ON HOW TO TEACH THEIR CHILDREN TO STAY SAFE "WITHOUT SCARING YOUR CHILD OR YOURSELF."

THE EMPOWERING MESSAGE OF THE CHILD SAFETY KIT WAS INITIATED BY THE PKF EDUCATION COMMITTEE IN 1994 AND IS UNIQUE TO THE POLLY KLAAS FOUNDATION. SINCE THEN IT HAS CONTINUED TO EVOLVE INTO ONE OF THE MOST SOUGHT AFTER PUBLICATIONS IN THE FIELD OF CHILD SAFETY EDUCATION. TO PUT OUR KIT IN CONTEXT, MANY ORGANIZATIONS OFFER A CHILD SAFETY KIT THAT IS ONLY AN ID KIT-FINGERPRINTS AND DNA SAMPLES-PLUS A BULLETED LIST OF DO'S AND DON'TS.

SUCH KITS OFTEN RELY ON MYTH AND FEAR TO MOTIVATE PARENTS TO COMPLETE THE KIT. THEY USUALLY PROMOTE "STRANGER DANGER," WHICH IS A POOR STRATEGY FOR SAFETY SINCE MOST PEOPLE WHO INJURE OR ABDUCT CHILDREN ARE USUALLY NOT STRANGERS OR THEY MAY USE A FEAR-BASED MOTIVATOR. "ONE CHILD DISAPPEARS EVERY 40 SECONDS" IS A COMMON MESSAGE IMPLYING THAT ONE CHILD IS ABDUCTED EVERY 40 SECONDS. IN FACT, 90% OF MISSING CHILDREN ARE NOT ABDUCTED, BUT ARE LOST, DELAYED, HAVE MIS-COMMUNICATED WITH THEIR PARENTS, OR HAVE RUN AWAY. MOREOVER, THE MAJORITY OF CHILDREN WHO ARE KNOWN TO BE MISSING CAME HOME SAFELY.

BY COMMUNICATING A HOPEFUL MESSAGE TO PARENTS, OUR CHILD SAFETY KIT UNBLOCKS THE PARALYZING FEAR OF STRANGER ABDUCTION, AND MODELS WAYS FOR PARENTS TO TEACH THEIR CHILDREN HOW NOT TO GO MISSING OR, IF CHILDREN DO GET LOST OR SEPARATED, HOW TO ASK FOR HELP.

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FORM 990, PART III, LINE 4A - PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)

THROUGHOUT ITS HISTORY, THE FOUNDATION HAS INSISTED ON TELLING THE TRUTH, PROVIDING ALL OF THE FACTS ABOUT MISSING CHILDREN AND EMPOWERING PARENTS RATHER THAN FRIGHTENING THEM. OUR CHILD SAFETY KIT GIVES PARENTS, EDUCATORS AND LAW ENFORCEMENT PROFESSIONALS POWERFUL TEACHING TOOLS THAT STRONGLY SUPPORTS FAMILY INVOLVEMENT AND COMMUNICATION.

IN THE LAST QUARTER OF 2004 WE DECIDED TO OFFER THE KIT TO OUR ONLINE MEMBERS. THE KIT WAS POPULAR WITH OUR NEWSLETTER SUBSCRIBERS AND WITH WEBSITE VISITORS RESPONDING TO A BANNER ON OUR HOME PAGE. THE KIT REQUIRED REWRITING AND REDESIGN INTO A BOOKLET THAT CONTAINED 25% MORE INFORMATION AND PROCEDURES WERE COMPLETELY REVISED, SO THE HIGH VOLUME OF KITS COULD BE DELIVERED TO ANXIOUS PARENTS IN A REASONABLE TIME.

THE ONLINE ORDER FORM AND FREE CONSUMER GOODS LISTS CATAPULTED THE POLLY KLAAS® FOUNDATION INTO THE CONSCIOUSNESS OF TENS OF THOUSANDS OF PARENTS THROUGHOUT THE UNITED STATES AND INDEED HAD AN IMPACT THROUGHOUT THE WORLD (ABOUT 5% OF OUR ONLINE MEMBERS RESIDE OUTSIDE THE UNITED STATES). DEMAND FOR THE CHILD SAFETY KIT IS RESPONSIBLE FOR THE MAJORITY OF OUR ONLINE MEMBERSHIP DEVELOPMENT CURRENTLY AT OVER 80,000 MEMBERS. PARENTS, LAW ENFORCEMENT PROFESSIONALS, SCHOOLS AND CHURCHES ACROSS THE NATION HAVE ORDERED OVER 90,000 - 120,000 KITS PER YEAR SINCE JANUARY 2006.

FORM 990, PART III, LINE 4B - PROGRAM SERVICE ACCOMPLISHMENTS

RESPONSE DEPARTMENT CASEWORK SERVICES

THE POLLY KLAAS® FOUNDATION HAS ASSISTED OVER 7,000 FAMILIES AND HUNDREDS OF LAW ENFORCEMENT AGENCIES IN THEIR SEARCH FOR MISSING AND ABDUCTED CHILDREN. SINCE INCEPTION WE HAVE SEEN AN OVERWHELMING MAJORITY OF THOSE CHILDREN RETURN HOME

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FORM 990, PART III, LINE 4B - PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)

SAFELY. THE RESPONSE DEPARTMENT PROVIDES A VARIETY OF SERVICES FOR EACH TYPE OF MISSING CHILD CASE, ALL OF WHICH ARE GEARED TOWARD THE RECOVERY AND SAFE RETURN OF THE CHILD.

24 HOUR HOTLINE - STAFF AND VOLUNTEERS WORK WITH FAMILIES AND LAW ENFORCEMENT AGENCIES 24 HOURS A DAY, 7 DAYS A WEEK.

NATIONAL FLYER DISTRIBUTION - CASE-SPECIFIC FLYER DISTRIBUTION ANYWHERE IN THE NATION, WITHIN A MATTER OF HOURS. DECISIONS ABOUT FLYER DISTRIBUTIONS ARE MADE AS A TEAM EFFORT BETWEEN THE FOUNDATION, THE PARENT AND THE LEAD AGENCY IN THE INVESTIGATION.

LOCAL AND/OR NATIONAL MEDIA EXPOSURE - FURTHER EXPOSURE FOR A CASE IS ACHIEVED BY PRODUCING AND DISTRIBUTING PRESS RELEASES AND BY DOING LIVE OR TAPED RADIO, TELEVISION OR PRINT INTERVIEWS. WE HAVE ASSISTED FAMILIES BY EITHER WORKING ON THEIR BEHALF WITH THE MEDIA OR BY COACHING THEM THROUGH THE PROCESS.

INTAKE AND TRANSMISSION OF LEADS AND TIPS TO THE LEAD AGENCY - PUBLIC LEADS ARE IMMEDIATELY FORWARDED TO THE INVESTIGATING AGENCY. WE HAVE STRICT POLICIES REGARDING CONFIDENTIALITY AND RELY SOLELY ON THE INVESTIGATING AGENCY TO DETERMINE THE NECESSITY OF FOLLOW-UP ON ANY LEAD.

INTERNATIONAL WEBSITE EXPOSURE - IT HAS BEEN PROVEN THAT PICTURES HELP IN THE RECOVERY OF MISSING CHILDREN. WITH WWW.POLLYKLAAS.ORG RECEIVING OVER A HALF A MILLION HITS PER MONTH, MISSING CHILD CASES GAIN A REMARKABLE AMOUNT OF EXPOSURE.

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FORM 990, PART III, LINE 4B - PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)

NATIONWIDE RESOURCES - THE FOUNDATION HAS EXCELLENT WORKING RELATIONSHIPS WITH OTHER CHILD FIND AGENCIES, SOCIAL SERVICE AGENCIES AND MANY LAW ENFORCEMENT PROFESSIONALS ACROSS THE NATION. IN ADDITION, WE ARE MEMBERS OF AMECO (ASSOCIATION OF MISSING & EXPLOITED CHILDREN ORGANIZATIONS).

FAMILY SUPPORT AND ASSISTANCE - OUR ROLE IN MISSING CHILD CASES INVOLVES ADVISING FAMILIES ABOUT WHAT TO EXPECT AND WHAT STEPS THEY NEED TO BE TAKING, PROVIDING EMOTIONAL SUPPORT, MAINTAINING ON-GOING CONTACT IN LONG TERM CASES, AND HELPING TO RETAIN A POSITIVE WORKING RELATIONSHIP WITH LAW ENFORCEMENT, THE MEDIA AND THE COMMUNITY. THE FOUNDATION CAN ALSO ASSIST FAMILIES AFTER THEIR CHILDREN RETURN HOME BY PROVIDING COUNSELING REFERRALS AND EXTENDED CASE MANAGEMENT AS NECESSARY.

RAPID RESPONSE TEAM EVOLUNTEERS:

FOR MANY YEARS, PEOPLE FROM AROUND THE COUNTRY CONTACTED THE FOUNDATION ASKING TO BECOME VOLUNTEERS TO HELP FIND MISSING CHILDREN. MANY WANTED TO DISTRIBUTE MISSING CHILD POSTERS.

BEFORE THE INTERNET, WE WERE VERY LIMITED BY TIME AND GEOGRAPHY. IT WAS NOT POSSIBLE TO EXECUTE AN EFFECTIVE NATIONWIDE MISSING CHILD POSTER VOLUNTEER DISTRIBUTION PROGRAM. EACH TIME A CHILD WENT MISSING, IT WOULD HAVE REQUIRED A LABOR INTENSIVE CAMPAIGN TO PRINT THE POSTER, PREPARE IT FOR MAILING, PAY POSTAGE ETC. WHEN A CHILD WAS FOUND, IT WOULD HAVE BEEN NECESSARY TO WRITE UP A NOTICE THAT THE CHILD WAS FOUND OR, THAT THE CASE WAS RESOLVED AND SNAIL MAIL THAT NOTICE TO ALL VOLUNTEERS-NOTIFYING THEM OF THE RESOLUTION OF THE CASE AS WELL AS REQUESTING THAT THE CHILD'S POSTER NO LONGER BE DISTRIBUTED AND TAKEN DOWN. TIME IS OF THE ESSENCE,

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FORM 990, PART III, LINE 4B - PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)

BECAUSE MANY CHILDREN GET FOUND WITHIN A WEEK OR SO OF THEIR DISAPPEARANCE. WE COULD CONCEIVABLY HAVE HAD LARGE NUMBERS OF NOTICES CROSSING THEMSELVES IN THE MAIL.

DESPITE REPEATED REQUESTS FROM THE PUBLIC, THE FOUNDATION COULD NOT SEE A VIABLE WAY TO PURSUE DEVELOPING THIS VOLUNTEER PROGRAM, WHICH WOULD BE LABOR INTENSIVE AND VERY SUSCEPTIBLE THE NUANCES OF GEOGRAPHY AND TIMING.

IN APRIL 2006, WE LAUNCHED THE RAPID RESPONSE TEAM EVOLUNTEERS, A VOLUNTEER PROGRAM THAT TAKES ADVANTAGE OF THE INTERNET AND ELIMINATES MANY OF OUR CONCERNS ABOUT TIME, GEOGRAPHY, AND LABOR. THE RRT IS MANAGED COMPLETELY ONLINE.

FORM 990, PART III, LINE 4C - PROGRAM SERVICE ACCOMPLISHMENTS

THE FOUNDATION GREW OUT OF A GRASS ROOTS COMMUNITY-WIDE CITIZEN VOLUNTEER EFFORT.

THE PEOPLE OF PETALUMA, WHO FOR TWO MONTHS SEARCHED FOR POLLY, DREW INTERNATIONAL ATTENTION TO HER STORY AND THE STORY OF HER TOWN. EVEN BEFORE HER BODY WAS FOUND,

PARENTS FROM ALL OVER THE COUNTRY WERE CALLING INTO THE SEARCH CENTER TO ASK HOW BEST TO FIND THEIR OWN MISSING CHILD. A 24/7 HOT LINE WAS CREATED AND ULTIMATELY,

THE PEOPLE OF PETALUMA DECIDED TO ESTABLISH THE POLLY KLAAS® FOUNDATION IN TRIBUTE TO POLLY'S LIFE AND TO OFFER WHAT WE HAD LEARNED TO PARENTS AND PROFESSIONALS

THROUGHOUT THE NATION AND THE WORLD.

SINCE 1993 THAT 24/7 HOT LINE HAS BEEN RINGING AND THE POLLY KLAAS® FOUNDATION HAS

ESTABLISHED A NATIONAL REPUTATION AS ONE OF THE PREEMINENT CHILD FIND ORGANIZATIONS,

DEDICATING ITS RESOURCES TO THE SAFETY OF ALL CHILDREN...EVERYWHERE. IN THAT SPIRIT WE

HAVE WORKED WITH THOUSANDS OF FAMILIES TO HELP THEM FIND THEIR CHILDREN AND WITH LAW

ENFORCEMENT PROFESSIONALS, EDUCATORS AND RESEARCHERS TO DEVELOP PREVENTION

STRATEGIES, EDUCATIONAL PROGRAMS AND OTHER RESOURCES THAT EMPOWER PARENTS AND WHOLE

COMMUNITIES TO PROTECT CHILDREN FROM HARM. WE HAVE ALSO DISTINGUISHED OURSELVES

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FORM 990, PART III, LINE 4C - PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)

AMONG LOCAL, STATE AND NATIONAL POLICY MAKERS FOR OUR LEADERSHIP ON CHILD SAFETY
LEGISLATION SUCH AS AMBER ALERT.

HIGHLIGHTS OF OUR SERVICES INCLUDE:

PUBLIC AFFAIRS - JOINING WITH STATE AND FEDERAL POLICY MAKERS TO PROMOTE CHILD
SAFETY LEGISLATION. IN A NATIONWIDE EFFORT FACILITATED BY THE POLLY KLAAS®
FOUNDATION, ALL 50 STATES NOW HAVE AMBER ALERT LAWS IN PLACE. TO DATE, OVER 389
CHILDREN HAVE BEEN RECOVERED WITH AMBER ALERTS.

CASEWORK - PARENTS WHOSE CHILDREN ARE MISSING CALL OUR 24/7 HOTLINE OR EMAIL THE
RESPONSE DEPARTMENT OF THE FOUNDATION. SINCE 1993 WE HAVE PROVIDED COMPREHENSIVE
CASEWORK SERVICES AND HAVE HELPED OVER 7100 FAMILIES BRING THEIR CHILDREN HOME
AGAIN.

PREVENTION/EDUCATION - THOUSANDS OF PARENTS THROUGHOUT THE WORLD ARE TEACHING THEIR
CHILDREN HOW TO STAY SAFE WITH ABDUCTION PREVENTION MATERIALS DEVELOPED BY THE
FOUNDATION INCLUDING OUR FREE CHILD SAFETY KIT AND INTERNET SAFETY KIT.

INFORMATION AND NEWS - EVERY MONTH TENS OF THOUSANDS OF PEOPLE RECEIVE SAFETY
INFORMATION AND MISSING CHILD NEWS THROUGH THE FOUNDATION'S MONTHLY ENEWS.

RAPID RESPONSE TEAM EVOLUNTEERS - MOMS, DADS, FAMILY MEMBERS AND NEIGHBORS
THROUGHOUT THE NATION WHO SIGN UP AS RRT EVOLUNTEERS PARTICIPATE IN OUR EFFORTS TO
FIND MISSING CHILDREN BY RECEIVING OFFICIAL EMAILS WITH LINKS TO MISSING CHILD
POSTERS. THEY DOWNLOAD THE POSTERS, PRINT THEM ON THEIR PERSONAL COMPUTERS, AND THEN
DISTRIBUTE THEM WITHIN THEIR LOCAL COMMUNITIES.

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FORM 990, PART III, LINE 4C - PROGRAM SERVICE ACCOMPLISHMENTS (CONTINUED)

MASTER LIST OF MISSING CHILDREN - WHEN NEIGHBORS, TEACHERS, AND HEALTH CARE PROFESSIONALS SUSPECT THAT SOMETHING IS NOT QUITE RIGHT IN A CHILD'S CIRCUMSTANCE, THEY MAY GO TO THE POLLY KLAAS® FOUNDATION WEBSITE, SEARCH OUR MASTER FILE OF PHOTOS AND CALL IN THE INFORMATION. MANY MISSING CHILDREN HAVE BEEN FOUND THIS WAY.

FAX BLASTS - RESTAURANTS AND MANY OTHER BUSINESSES THROUGHOUT THE COUNTRY RECEIVE FAX BLASTS WITH POSTERS OF MISSING CHILDREN. A PHARMACY IN MASSACHUSETTS RECEIVED A FAXED MISSING CHILD POSTER, CHECKED THEIR CUSTOMER DATABASE, FOUND A LISTING FOR THE CHILD WITH AN ADDRESS, AND CALLED US WITH THE INFORMATION WITHIN 15 MINUTES. THE CHILD WAS LOCATED SAFE WITHIN DAYS.

OUR NATIONAL PRESENCE AND REPUTATION FOR DISTINGUISHED SERVICE HAS GENERATED A ROSTER OF 80,000 ONLINE MEMBERS WHICH IS GROWING GEOMETRICALLY EVERY DAY. OUR FOUNDATION IS ONE OF THE MOST SOUGHT AFTER BY THOSE NEEDING SERVICES TO FIND MISSING CHILDREN, AND INFORMATION ABOUT ABDUCTION PREVENTION AND CHILD SAFETY.

FORM 990, PART VI, LINE 10 - FORM 990 REVIEW PROCESS

PRESENTED TO AUDIT COMMITTEE WHO REVIEWS AND THEN TO THE BOARD.

FORM 990, PART VI, LINE 12C - EXPLANATION OF MONITORING AND ENFORCEMENT OF C

THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE WILL REVIEW THIS POLICY ANNUALLY.

FORM 990, PART VI, LINE 15B - COMPENSATION REVIEW & APPROVAL PROCESS FOR OFFICERS & KEY EMPLOYEE:

IT SHALL BE THE POLICY OF THE POLLY KLAAS FOUNDATION'S BOARD OF DIRECTORS TO DETERMINE, APPROVE AND REVIEW THE COMPENSATION OF KEY STAFF.

A. THIS PROCESS WILL BE CONDUCTED WHEN ANY OF THE FOLLOWING CONDITIONS OCCUR: AT HIRING; WHEN THE EMPLOYEE IS PROVIDED AN ADJUSTMENT IN THEIR SALARY; ANNUALLY WHEN THE BUDGET IS PRESENTED TO THE BOARD OF DIRECTORS FOR REVIEW AND APPROVAL.

B. THE BOARD WILL BE PROVIDED WITH TOOLS TO MAKE THIS DETERMINATION AS FOLLOWS: THE ANNUAL NORTHERN CALIFORNIA NONPROFIT COMPENSATION AND BENEFITS REPORT; THE POLLY

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FORM 990, PART VI, LINE 15B - COMPENSATION REVIEW & APPROVAL PROCESS FOR OFFICERS & KEY EMPLOYEE:

KLAAS FOUNDATION WAGE AND SALARY SCHEDULE.

THE BOARD OF DIRECTORS SHALL TAKE ACTION ON THIS ITEM AT THE ANNUAL MEETING BY A RESOLUTION WHICH SHALL BE FILED IN THE CORPORATE RECORD.

FORM 990, PART VI, LINE 19 - OTHER ORGANIZATION DOCUMENTS PUBLICLY AVAILABLE

UPON REQUEST

THE POLLY KLAAS FOUNDATION

68-0314615

FORM 990, PART 1, LINE 8C NET GAIN OR LOSS FROM SALE OF ASSETS OTHER THAN INVENTORY SCHEDULE A, PART II - COMPENSATION OF INDEPENDENT CONTRACTOR FOR PROFESSIONAL SERVICES

THE POLLY KLAAS FOUNDATION (PKF) HAS CONTRACTED WITH AN INDEPENDENT CONTRACTOR TO OPERATE AN AUTOMOBILE DONATION PROGRAM ON ITS BEHALF AS ONE OF PKF'S PROGRAMS TO GENERATE FUNDS NECESSARY TO CARRY ON ITS CHARITABLE ACTIVITIES. DURING THE PAST YEAR, PKF HAD NET RECEIPTS OF \$622,788 FROM THIS PROGRAM.

THE AUTOMOBILE PROGRAM IS OFFERED AS A METHOD BY WHICH INDIVIDUALS, WHO MAY OTHERWISE NOT BE WILLING OR ABLE TO ASSIST PKF THROUGH A DIRECT CASH DONATION, CAN PROVIDE MUCH NEEDED SUPPORT TO PKF BY CONTRIBUTING THEIR USED VEHICLES. THIS PROPERTY IS RESOLD BY PKF (THROUGH AN INDEPENDENT CONTRACTOR AS PKF'S AGENT) AND THE CASH PROCEEDS, NET OF EXPENSES, ARE DIRECTLY USED BY PKF FOR PKF'S CHARITABLE PROGRAMS. PKF HAS DETERMINED THAT OPERATING THIS PROGRAM INTERNALLY WOULD DIVERT THE SPECIALIZED PERSONNEL AND SUPPORT STAFF OF THE ORGANIZATION AWAY FROM THE AT-RISK CHILDREN AND FAMILIES' WHO ARE THE PRIME BENEFICIARIES OF PKF'S CHARITABLE PROGRAMS. PKF ALSO REALIZES THAT IT DOES NOT HAVE THE RESOURCES OR OPERATING CAPACITY TO CONDUCT THIS PROGRAM ON ITS OWN, THEREFORE THIS PROGRAM IS OPERATED BY A CONTRACTOR FOR CHARITABLE PURPOSES ON PKF'S BEHALF.

THE EXPENSES THAT ARE ASSOCIATED WITH THE PROGRAM ARE FUNDAMENTALLY DIFFERENT FROM THOSE INCURRED BY A "TRADITIONAL" DIRECT MAIL OR SIMILAR FUNDRAISING CAMPAIGN. THIS IS PRIMARILY BECAUSE OF THE HIGH COSTS ASSOCIATED WITH ADVERTISING FOR DONATIONS OF PROPERTY THROUGH MORE EXPENSIVE MASS MEDIA SUCH AS RADIO AND TELEVISION ADVERTISEMENTS, NOT TO MENTION THE ADDITIONAL COSTS ASSOCIATED WITH USED VEHICLES, SUCH AS TOWING, DETAILING, AND SELLING THE DONATED PROPERTY. THESE COSTS DIFFER FROM PROGRAMS IN WHICH THE CHARITY RECEIVES ITS DONATIONS IN A READILY USABLE FORM SUCH AS CASH.

THE INTERNAL REVENUE SERVICE HAS NOT ISSUED SPECIFIC GUIDELINES REGARDING HOW A CHARITY IS TO REPORT THE REVENUE AND EXPENSES ASSOCIATED WITH A PROGRAM LIKE AN AUTOMOBILE DONATION PROGRAM. PKF HAS ATTEMPTED TO WORK WITHIN THE GENERAL REPORTING INSTRUCTIONS FOR THE FORM 990 TO COMPLETE THIS RETURN. FOLLOWING IS A BRIEF DESCRIPTION OF THE MANNER IN WHICH THE REVENUE AND EXPENSES ARE REPORTED.

PKF HAS REPORTED THE VALUE OF THESE NON-CASH CONTRIBUTIONS ON LINE 1(A) AND LINE 8(B) OF FORM 990 AS THE EXACT AMOUNT RECEIVED BY THE INDEPENDENT CONTRACTOR FOR THE RESALE OF THE PROPERTY.

BECAUSE THE PROPERTY IS SOLD BY PKF (THROUGH THE CONTRACTOR) AFTER IT IS DONATED, PKF HAS REPORTED AT LINE 8(C), THE GAIN OR LOSS FROM THE SALE OF THE DONATED PROPERTY. LINE 8(B) SHOWS THE BASIS OF THE PROPERTY EQUAL TO THE RESALE AMOUNT, PLUS ALL EXPENSES RELATED TO THE ACQUISITION, AND PROCESSING A SALE OF THE PROPERTY.

THE INCLUSION OF THESE EXPENSES HERE RESULTS IN A "REPORTING LOSS" AT LINE 8(D), EVEN THOUGH THE ORGANIZATION RECEIVES AN ACTUAL NET CASH INCREASE FROM THE PROGRAM, WHICH SUBSTANTIALLY BENEFITS THE ORGANIZATION TO FURTHER PKF'S CHARITABLE PROGRAMS.

THUS, ALL EXPENSES ASSOCIATED WITH THE AUTOMOBILE DONATION PROGRAM ARE REFLECTED AT FORM 990, LINE 8(C). THIS AMOUNT INCLUDES ALL EXPENSES OF THE AUTOMOBILE PROGRAM INCURRED BY THE INDEPENDENT PROFESSIONAL CONTRACTOR ON BEHALF OF PKF AS DETERMINED BY THE CONTRACT IT HAS WITH PKF. IN AN EFFORT TO PROVIDE NOTICE REGARDING ALL OF THE EXPENSES ASSOCIATED WITH THE PROGRAM, THE PROFESSIONAL CONTRACTOR'S INDIVIDUAL EXPENSES FOR THE 2006-2007 FISCAL YEAR WERE AS FOLLOWS:

COST OF SALES	\$ 942,014
PROFESSIONAL CONTRACTOR'S FEE	212,190
ADVERTISEMENT	249,464
TOTAL EXPENSES	\$1,403,668