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

2009

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 2009, or tax year beginning , 2009, and ending

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

Use the IRS label otherwise, print or type See Specific Instructions.	KNU FOUNDATION 5450 TRABUCO ROAD IRVINE, CA 92620	A Employer identification number 33-0204705 B Telephone number (see the instructions) 970-922-0533 C If exemption application is pending, check here <input type="checkbox"/> D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		
I Fair market value of all assets at end of year (from Part II, column (c), line 16) ▶ \$ 4,264,590.	J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis)	

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions))				
REVENUE				
1 Contributions, gifts, grants, etc. received (att sch)				
2 Ck ▶ <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments	20,124.	20,124.		
4 Dividends and interest from securities	61,000.	61,000.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain/(loss) from sale of assets not on line 10	-242,956.			
b Gross sales price for all assets on line 6a	909,500.			
7 Capital gain net income (from Part IV, line 2)		0.		
8 Net short-term capital gain			0.	
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit/(loss) (att sch)				
11 Other income (attach schedule)				
12 Total. Add lines 1 through 11	-161,832.	81,124.	0.	
ADMINISTRATIVE AND EXPENSES				
13 Compensation of officers, directors, trustees, etc	0.			
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach sch) SEE ST 1	2,400.			2,400.
c Other prof fees (attach sch)				
17 Interest				
18 Taxes (attach schedule) (see instr) SEE STM 2	60.			60.
19 Depreciation (attach sch) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule) SEE STATEMENT 3	24,165.	22,928.		1,237.
24 Total operating and administrative expenses. Add lines 13 through 23	26,625.	22,928.		3,697.
25 Contributions, gifts, grants paid PART XV	230,500.			230,500.
26 Total expenses and disbursements. Add lines 24 and 25	257,125.	22,928.	0.	234,197.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-418,957.			
b Net investment income (if negative, enter 0.)		58,196.		
c Adjusted net income (if negative, enter -0-)			0.	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1	Cash – non-interest-bearing	8,884.	7,916.	7,916.
	2	Savings and temporary cash investments	168,154.	532,320.	532,320.
	3	Accounts receivable ▶			
		Less allowance for doubtful accounts ▶			
	4	Pledges receivable ▶			
		Less allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions)			
	7	Other notes and loans receivable (attach sch) ▶			
		Less allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments – U.S. and state government obligations (attach schedule) STATEMENT 4	205,353.	205,353.	206,187. ✓
	b	Investments – corporate stock (attach schedule) STATEMENT 5	2,816,033.	2,033,993.	2,915,419. ✓
	c	Investments – corporate bonds (attach schedule)			
	11	Investments – land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶				
12	Investments – mortgage loans				
13	Investments – other (attach schedule) STATEMENT 6	600,000.	600,000.	602,748. ✓	
14	Land, buildings, and equipment basis ▶				
	Less accumulated depreciation (attach schedule) ▶				
15	Other assets (describe ▶)	115.			
16	Total assets (to be completed by all filers – see instructions Also, see page 1, item I)	3,798,539.	3,379,582.	4,264,590.	
LIABILITIES	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	Total liabilities (add lines 17 through 22)	0.	0.	
NET ASSET BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>				
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	3,798,539.	3,379,582.	
30	Total net assets or fund balances (see the instructions)	3,798,539.	3,379,582.		
31	Total liabilities and net assets/fund balances (see the instructions)	3,798,539.	3,379,582.		

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 3,798,539.
2	Enter amount from Part I, line 27a	2 -418,957.
3	Other increases not included in line 2 (itemize) ▶	3
4	Add lines 1, 2, and 3	4 3,379,582.
5	Decreases not included in line 2 (itemize) ▶	5
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6 3,379,582.

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 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a SEE STATEMENT 7			
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	[If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7]	2	-242,956.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)		3	-35,533.

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No

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

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries			
(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2008	299,121.	5,085,034.	0.058824
2007	370,699.	6,245,597.	0.059354
2006	310,560.	5,408,870.	0.057417
2005	305,546.	5,428,815.	0.056282
2004	290,194.	5,224,067.	0.055549
2 Total of line 1, column (d)			2 0.287426
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 0.057485
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5			4 3,959,894.
5 Multiply line 4 by line 3			5 227,635.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 582.
7 Add lines 5 and 6			7 228,217.
8 Enter qualifying distributions from Part XII, line 4			8 234,197.

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

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

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1 Date of ruling or determination letter. _____ (attach copy of letter if necessary - see instr.)	1	582.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (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	582.
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	582.
6 Credits/Payments		
a 2009 estimated tax pmts and 2008 overpayment credited to 2009	6 a	3,986.
b Exempt foreign organizations – tax withheld at source	6 b	
c Tax paid with application for extension of time to file (Form 8868)	6 c	
d Backup withholding erroneously withheld	6 d	
7 Total credits and payments Add lines 6a through 6d	7	3,986.
8 Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0.
10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	3,404.
11 Enter the amount of line 10 to be Credited to 2010 estimated tax <input type="checkbox"/> 3,404. Refunded <input type="checkbox"/>	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1 a 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
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d 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? <i>If 'Yes,' attach a detailed description of the activities</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a 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?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		X
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) ▶ N/A		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If 'No,' attach explanation</i>	X	
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 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

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)	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? Website address ▶ N/A	13	X	
14	The books are in care of ▶ <u>WERTZ & COMPANY</u> Telephone no ▶ <u>949-756-5000</u> Located at ▶ <u>5450 TRABUCO ROAD, IRVINE, CA</u> ZIP + 4 ▶ <u>92620</u>			
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	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
1 a 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1 b	N/A
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 2009?	1 c	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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years ▶ 20__ , 20__ , 20__ , 20__		
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 the instructions)	2 b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20__ , 20__ , 20__ , 20__		
3 a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If 'Yes,' did it have excess business holdings in 2009 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 2009)	3 b	N/A
4 a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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 2009?	4 b	X

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

5a During the year did the foundation pay or incur any amount to

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No
- (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? Yes No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
- (4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

Organizations relying on a current notice regarding disaster assistance check here

5b N/A

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

6b X

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If 'Yes' to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

Yes No

7b N/A

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

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

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
GERALD KEHLE P.O. BOX 486 WOODY CREEK, CO 81656	FOUNDATION M 0	0.	0.	0.
JACQUELINE KEHLE P.O. BOX 486 WOODY CREEK, CO 81656	FOUNDATION M 0	0.	0.	0.
KRISTEN NELSON P.O. BOX 486 WOODY CREEK, CO 81656	DIRECTOR 0	0.	0.	0.
KAREN ULMAN 1722 THE STRAND HERMOSA BEACH, CA 90254	DIRECTOR 0	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1 - see instructions). If none, enter 'NONE.'

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

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

0

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

3 Five highest-paid independent contractors for professional services – (see instructions). If none, enter 'NONE'.

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

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

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

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

	Amount
1 N/A	
2	
All other program-related investments. See instructions	
Total. Add lines 1 through 3	0.

BAA

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	3,451,206.
b Average of monthly cash balances	1b	568,991.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	4,020,197.
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	4,020,197.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	60,303.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,959,894.
6 Minimum investment return. Enter 5% of line 5	6	197,995.

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	197,995.
2a Tax on investment income for 2009 from Part VI, line 5	2a	582.
b Income tax for 2009 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	582.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	197,413.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	197,413.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	197,413.

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	234,197.
b Program-related investments – total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	234,197.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions)	5	582.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	233,615.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				197,413.
2 Undistributed income, if any, as of the end of 2009:				
a Enter amount for 2008 only			0.	
b Total for prior years 20 __, 20 __, 20 __		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004	33,469.			
b From 2005	38,285.			
c From 2006	56,066.			
d From 2007	70,245.			
e From 2008	48,897.			
f Total of lines 3a through e	246,962.			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 234,197.				
a Applied to 2008, but not more than line 2a			0.	
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 2009 distributable amount				197,413.
e Remaining amount distributed out of corpus	36,784.			
5 Excess distributions carryover applied to 2009 (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	283,746.			
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 2008 Subtract line 4a from line 2a Taxable amount – see instructions			0.	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see instructions)	33,469.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	250,277.			
10 Analysis of line 9				
a Excess from 2005	38,285.			
b Excess from 2006	56,066.			
c Excess from 2007	70,245.			
d Excess from 2008	48,897.			
e Excess from 2009	36,784.			

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a 'Assets' alternative test – enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c 'Support' alternative test – enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year – see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))
SEE STATEMENT 8

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest
NONE

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

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

a The name, address, and telephone number of the person to whom applications should be addressed

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

c Any submission deadlines

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

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<p><i>a Paid during the year</i> SEE STATEMENT 9</p>				
Total				▶ 3a 230,500.
<p><i>b Approved for future payment</i></p>				
Total				▶ 3b

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STATEMENT 1
FORM 990-PF, PART I, LINE 16B
ACCOUNTING FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	\$ 2,400.			\$ 2,400.
TOTAL	\$ 2,400.	\$ 0.	\$ 0.	\$ 2,400.

STATEMENT 2
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
DEPT. OF JUSTICE-RRF-1	\$ 50.			\$ 50.
FTB	10.			10.
TOTAL	\$ 60.	\$ 0.	\$ 0.	\$ 60.

STATEMENT 3
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK CHARGES	\$ 17.			\$ 17.
DUES AND SUBSCRIPTIONS	495.			495.
INSURANCE	725.			725.
INVESTMENT MANAGEMENT FEES	22,778.	\$ 22,778.		
SERVICE FEE	150.	150.		
TOTAL	\$ 24,165.	\$ 22,928.	\$ 0.	\$ 1,237.

STATEMENT 4
FORM 990-PF, PART II, LINE 10A
INVESTMENTS - U.S. AND STATE GOVERNMENT OBLIGATIONS

U.S. GOVERNMENT OBLIGATIONS	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
100,000 FED FARM CR BANK 4.50%	MKT VAL	\$ 101,947.	\$ 101,281.
100,000 FED HOME LN BK 4.875%	MKT VAL	103,406.	104,906.
		\$ 205,353.	\$ 206,187.
	TOTAL	\$ 205,353.	\$ 206,187.

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STATEMENT 5
FORM 990-PF, PART II, LINE 10B
INVESTMENTS - CORPORATE STOCKS

CORPORATE STOCKS	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
3000 VERIZON	MKT VAL	\$ 0.	\$ 0.
3500 EXXON MOBIL CORP	MKT VAL	29,001.	238,665.
2200 ALLSTATE CORP	MKT VAL	0.	0.
2400 AMGEN, INC	MKT VAL	0.	0.
2800 BANK OF AMERICA	MKT VAL	0.	0.
9,700 ENERGIZER	MKT VAL	505.	594,416.
4000 WASHINGTON MUTUAL	MKT VAL	0.	0.
1600 CONOCOPHILLIPS	MKT VAL	108,406.	81,712.
3900 LOWES COMPANIES	MKT VAL	117,169.	91,221.
800 TARGET CORP	MKT VAL	45,631.	38,696.
10000 NUVEEN MULTI-STRATEGY INCOME	MKT VAL	152,805.	74,900.
3700 AT&T INC.	MKT VAL	88,390.	103,711.
1500 CHEVRON CORP.	MKT VAL	90,486.	115,485.
1400 JOHNSON & JOHNSON	MKT VAL	85,865.	90,174.
2100 NIKE INC. B	MKT VAL	92,553.	138,747.
3400 NUCOR CORP.	MKT VAL	0.	0.
7100 ORACLE CORP.	MKT VAL	88,313.	174,163.
2600 WALMART STORES	MKT VAL	0.	0.
2300 UNITEDHEALTH GP INC	MKT VAL	114,623.	70,104.
3100 BED BATH & BEYOND	MKT VAL	0.	0.
600 GOLDMAN SACHS GRP, INC.	MKT VAL	89,561.	101,304.
1100 INTL. BUSINESS MACHINES CORP	MKT VAL	102,344.	143,990.
2000 JP MORGAN CHASE	MKT VAL	91,583.	83,340.
7000 SYMANTIC CORP	MKT VAL	0.	0.
2,020 LINCOLN NATIONAL	MKT VAL	0.	0.
2300 ACCENTURE LTD	MKT VAL	88,159.	95,450.
1700 CATERPILLAR INC	MKT VAL	0.	0.
1900 EMERSON ELECTRIC	MKT VAL	85,259.	80,940.
3100 GENERAL ELECTRIC CO	MKT VAL	92,568.	46,903.
2800 WALGREEN CO	MKT VAL	100,111.	102,816.
20 BERKSHIRE HATHAWAY	MKT VAL	65,875.	65,720.
2100 HEWLETT PACKARD	MKT VAL	72,476.	108,171.
2700 INTUIT INC	MKT VAL	76,431.	82,971.
2300 MEDTRONICS	MKT VAL	77,324.	101,154.
1800 STRYKER CORP	MKT VAL	78,555.	90,666.
	TOTAL	\$ 2,033,993.	\$ 2,915,419.

STATEMENT 6
FORM 990-PF, PART II, LINE 13
INVESTMENTS - OTHER

OTHER SECURITIES	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
150,000 BANCO SANTANDER CD	MKT VAL	\$ 0.	\$ 0.
100,000 CONERSTONE BANK CD	MKT VAL	0.	0.
150,000 INDEPENDENT BANKERS CD	MKT VAL	0.	0.
100,000 LEADERS BANK CD	MKT VAL	0.	0.
100,000 WORLD/ NATIONAL BANK OHIO CD	MKT VAL	0.	0.
200,000 CATHAY BANK CD	MKT VAL	200,000.	200,282.
200,000 BANK OF AMERICA CD	MKT VAL	200,000.	200,686.

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STATEMENT 6 (CONTINUED)
FORM 990-PF, PART II, LINE 13
INVESTMENTS - OTHER

	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
<u>OTHER SECURITIES</u>			
200,000 COMPASS BANK CD	MKT VAL	\$ 200,000.	\$ 201,780.
	TOTAL	\$ 600,000.	\$ 602,748. ✓

STATEMENT 7
FORM 990-PF, PART IV, LINE 1
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

ITEM	(A) DESCRIPTION	(B) HOW ACQUIRED	(C) DATE ACQUIRED	(D) DATE SOLD
1	500 ACCENTURE LTD	PURCHASED	9/19/2008	2/26/2009
2	500 EMERSON ELECTRIC CO	PURCHASED	9/19/2008	2/26/2009
3	700 GENERAL ELECTRIC CO	PURCHASED	8/14/2008	2/26/2009
4	600 WALGREEN CO	PURCHASED	4/30/2008	2/26/2009
5	400 ALLSTATE CORP	PURCHASED	7/06/2007	2/26/2009
6	1800 ALLSTATE CORP	PURCHASED	7/06/2007	5/13/2009
7	800 AT&T CORP	PURCHASED	11/10/2005	2/26/2009
8	2800 BANK OF AMERICA CORP	PURCHASED	11/27/2007	2/26/2009
9	600 BED BATH AND BEYOND	PURCHASED	6/01/2006	2/26/2009
10	2500 BED BATH AND BEYOND	PURCHASED	6/01/2006	5/13/2009
11	300 CATERPILLAR INC	PURCHASED	2/15/2008	2/26/2009
12	1400 CATERPILLAR INC	PURCHASED	2/15/2008	9/04/2009
13	400 CHEVRON CORP	PURCHASED	12/06/2005	2/26/2009
14	400 CONOCOPHILLIPS	PURCHASED	2/23/2007	2/26/2009
15	2000 ENERGIZER HOLDINGS INC.	PURCHASED	8/12/1957	2/26/2009
16	724 EXXON MOBIL CORP	PURCHASED	10/21/1988	2/26/2009
17	200 GOLDMAN SACHS GROUP INC	PURCHASED	8/31/2006	2/26/2009
18	300 IBM CORP	PURCHASED	10/31/2006	2/26/2009
19	400 JOHNSON AND JOHNSON	PURCHASED	11/10/2005	2/26/2009
20	500 JP MORGAN CHASE	PURCHASED	8/04/2006	2/26/2009
21	356 LINCOLN NATIONAL CORP	PURCHASED	11/18/1996	2/26/2009
22	1664 LINCOLN NATIONAL CORP	PURCHASED	11/18/1996	2/26/2009
23	800 LOWES COMPANIES INC	PURCHASED	7/23/2007	2/26/2009
24	500 NIKE INC B	PURCHASED	12/06/2005	2/26/2009
25	600 NUCOR CORP	PURCHASED	11/10/2005	2/26/2009
26	2800 NUCOR CORP	PURCHASED	11/10/2005	9/04/2009
27	1500 ORACLE CORP	PURCHASED	10/20/2005	2/26/2009
28	400 TARGET CORP	PURCHASED	11/27/2007	2/26/2009
29	900 TARGET CORP	PURCHASED	11/27/2007	5/13/2009
30	500 UNITED HEALTH GROUP INC	PURCHASED	8/24/2007	2/26/2009
31	600 VERIZON COMMUNICATIONS	PURCHASED	8/15/1991	2/26/2009
32	2400 VERIZON COMMUNICATIONS	PURCHASED	8/15/1991	12/09/2009

ITEM	(E) GROSS SALES	(F) DEPREC. ALLOWED	(G) COST BASIS	(H) GAIN (LOSS)	(I) FMV 12/31/69	(J) ADJ. BAS. 12/31/69	(K) EXCESS (I) - (J)	(L) GAIN (LOSS)
1	14,528.		19,165.	-4,637.				\$ -4,637.
2	13,703.		22,437.	-8,734.				-8,734.
3	6,305.		20,902.	-14,597.				-14,597.
4	13,887.		21,452.	-7,565.				-7,565.

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STATEMENT 7 (CONTINUED)
FORM 990-PF, PART IV, LINE 1
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

ITEM	(E) GROSS SALES	(F) DEPREC. ALLOWED	(G) COST BASIS	(H) GAIN (LOSS)	(I) FMV 12/31/69	(J) ADJ. BAS. 12/31/69	(K) EXCESS (I) - (J)	(L) GAIN (LOSS)
5	7,327.		24,809.	-17,482.				\$ -17,482.
6	43,711.		111,642.	-67,931.				-67,931.
7	19,062.		19,111.	-49.				-49.
8	15,230.		121,460.	-106,230.				-106,230.
9	12,618.		21,573.	-8,955.				-8,955.
10	67,567.		89,886.	-22,319.				-22,319.
11	7,203.		20,933.	-13,730.				-13,730.
12	62,650.		97,688.	-35,038.				-35,038.
13	25,425.		24,130.	1,295.				1,295.
14	15,500.		27,101.	-11,601.				-11,601.
15	81,696.		104.	81,592.				81,592.
16	51,631.		5,999.	45,632.				45,632.
17	18,436.		29,854.	-11,418.				-11,418.
18	26,372.		27,912.	-1,540.				-1,540.
19	20,864.		24,533.	-3,669.				-3,669.
20	11,593.		22,896.	-11,303.				-11,303.
21	3,971.		10,117.	-6,146.				-6,146.
22	18,561.		47,220.	-28,659.				-28,659.
23	12,602.		24,035.	-11,433.				-11,433.
24	20,281.		22,036.	-1,755.				-1,755.
25	21,246.		18,845.	2,401.				2,401.
26	121,560.		87,944.	33,616.				33,616.
27	23,651.		18,658.	4,993.				4,993.
28	10,949.		22,816.	-11,867.				-11,867.
29	35,842.		51,335.	-15,493.				-15,493.
30	10,026.		24,918.	-14,892.				-14,892.
31	16,955.		14,189.	2,766.				2,766.
32	78,548.		56,756.	21,792.				21,792.
							TOTAL	\$ -242,956.

STATEMENT 8
FORM 990-PF, PART XV, LINE 1A
FOUNDATION MANAGERS - 2% OR MORE CONTRIBUTORS

GERALD KEHLE
 JACQUELINE KEHLE

KNU FOUNDATION

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**STATEMENT 9
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR**

<u>NAME AND ADDRESS</u>	<u>DONEE RELATIONSHIP</u>	<u>FOUND- ATION STATUS</u>	<u>PURPOSE OF GRANT</u>	<u>AMOUNT</u>
ASSISTANCE LEAGUE SN PDRO 1441 WEST 8TH ST SAN PEDRO, CA 90732			DENTAL CARE FOR UNDERPRIVILEGED CHILDREN	\$ 20,000.
BIG BROTHERS BIG SISTERS OF LOS ANGELES 6022 WILSHIRE BLVD, SU. 202 LOS ANGELES, CA 90036			COLLEGE SCHOLARSHIPS FOR UNDERPRIVILEGED GIRLS.	15,000.
BOYS AND GIRLS CLUB SAN PEDRO 1200 S. CABRILLO AVE. SAN PEDRO, CA 90731			TO SUPPORT YOUTH CLUBS AND ACTIVITIES.	25,000.
J. F. SHEA THERAPEUTIC RIDING 26284 OSO ROAD SAN JUAN CAPISTRANO, CA 92675			THERAPEUTIC RIDING FOR PEOPLE WITH DISABILITIES	15,000.
RICHSTONE FAMILY CENTER 13620 CORDIARY AVE. HAWTHORNE, CA 90250			AFTER SCHOOL PROGRAMS FOR AT-RISK CHILDREN.	5,000.
PLANNED PARENTHOOD 1920 MARENGO ST. LOS ANGELES, CA 90033			TO SUPPORT HEALTHY FAMILIES.	10,000.
CENTER THEATRE GROUP 601 WEST TEMPLE ST. LOS ANGELES, CA 90012			THEATER FOR UNDERPRIVILEGED CHILDREN	20,000.
ASPEN COUNTRY DAY SCHOOL 3 MUSIC SCHOOL ROAD ASPEN, CO 81611			ENDOWMENT FUND FOR EDUCATIONAL INSTITUTION.	10,000.
ASPEN EDUCATION FOUNDATION POST OFFICE BOX 2200 ASPEN, CO 81612			THIS ORGANIZATION RAISES FUNDS FOR THE PUBLIC SCHOOL SYSTEM TO PROMOTE EDUCATION	10,000.
ASSOC. OF SMALL FOUNDATIONS 4905 DEL RAY AVE. BETHESDA, MD 20814			TO PROVIDE EDUCATIONAL TOOLS AND SERVICE TO SMALL FOUNDATIONS	500.

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STATEMENT 9 (CONTINUED)
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
CHALLENGE ASPEN POST OFFICE BOX M ASPEN, CO 81612			PROVIDES SKI INSTRUCTION FOR PEOPLE WITH DISABILITIES	\$ 20,000.
BEAR VALLEY COMMUNITY HEALTHCA 41870 GARSTIN DR. BIG BEAR LAKE, CA 92315			PROVIDES MEDICAL SERVICES TO THE LOCAL COMMUNITY	25,000.
PLANNED PARENTHOOD OF THE ROCKY MOUNTAIN 950 BROADWAY DENVER, CO 80203			SUPPORT MISSION OF IMPROVING THE QUALITY OF LIFE BY ENABLING ALL PEOPLE TO EXERCISE INDIVIDUAL CHOICE IN THEIR OWN REPRODUCTIVE HEALTH.	10,000.
WINDWALKERS 3059 CR103, UNIT 3 CABONDALE, CO 81623			RIDING PROGRAM FOR THE HANDICAPPED	32,500.
ASPEN YOUTH CENTER P.O. BOX 8266 ASPEN, CO 81612			AFTER SCHOOL PROGRAM FOR PARENTS WHO ARE WORKING; HELP WITH HOMEWORK; KEEPING KIDS OFF THE STREET	2,500.
TOP OF THE TRAIL 543 SOUTH 2ND STREET MONTROSE, CO 81401			PLACES CHILDREN IN FOSTER CARE; DENTAL CARE NOT COVERED BY STATE OF CO	5,000.
THEATRE ASPEN 110 E. HALLAM ST. SUITE 103 ASPEN, CO 81623			INSPIRE AND ENTERTAIN THE RESIDENTS AND VISITORS OF THE ROARING FORK VALLEY THROUGH STAGE PRODUCTIONS AND EDUCATIONAL PROGRAMS AND ACTIVITIES	5,000.
TOTAL				\$ <u>230,500.</u>