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

2010

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 2010, or tax year beginning _____, **2010, and ending** _____

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

KELTON FUND, INC
2716 OCEAN PARK BLVD #3006
SANTA MONICA, CA 90405-5299

A Employer identification number
95-6092356

B Telephone number (see the instructions)
310-396-4514

C If exemption application is pending, check here

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

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

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

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

I Fair market value of all assets at end of year (from Part II, column (c), line 16)
\$ 1,881,327.

J Accounting method: Cash Accrual
 Other (specify) _____
(Part I, column (d) must be on cash basis)

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))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
REVENUE	1 Contributions, gifts, grants, etc, received (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	74,491.	74,491.	74,491.	
	4 Dividends and interest from securities				
	5a Gross rents	279,629.	279,629.	279,629.	
	b Net rental income or (loss) -2,701.				
	6a Net gain/(loss) from sale of assets not on line 10	251.			
	b Gross sales price for all assets on line 6a 50,254.				
	7 Capital gain net income (from Part IV, line 2)		251.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold NOV 21 2011					
c Gross profit/(loss) (att sch)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	354,371.	354,371.	354,120.		
ADMINISTRATIVE 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	2,750.	1,375.	1,375.	1,375.
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule)(see instr) SEE STM 2	1,510.			1,510.
	19 Depreciation (attach sch) and depletion	42,288.	42,288.	42,288.	
	20 Occupancy				
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses (attach schedule) SEE STATEMENT 3	240,117.	240,117.	240,042.		
24 Total operating and administrative expenses. Add lines 13 through 23	286,665.	283,780.	283,705.	2,885.	
25 Contributions, gifts, grants paid PART XV	133,880.			133,880.	
26 Total expenses and disbursements. Add lines 24 and 25	420,545.	283,780.	283,705.	136,765.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-66,174.				
b Net investment income (if negative, enter 0)		70,591.			
c Adjusted net income (if negative, enter 0)			70,415.		

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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	3,464.	8,305.	8,305.
	2	Savings and temporary cash investments	42,712.	34,716.	34,716.
	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)	1,239,339.	1,214,834.	1,214,834.
		b Investments – corporate stock (attach schedule)			
		c Investments – corporate bonds (attach schedule)			
	11	Investments – land, buildings, and equipment basis	1,159,341.		
	Less accumulated depreciation (attach schedule) SEE STMT 4	536,106.	623,235.	623,235.	
12	Investments – mortgage loans				
13	Investments – other (attach schedule)				
14	Land, buildings, and equipment basis				
	Less accumulated depreciation (attach schedule)				
15	Other assets (describe SEE STATEMENT 5)	238.	237.	237.	
16	Total assets (to be completed by all filers – see instructions Also, see page 1, item I)	1,945,301.	1,881,327.	1,881,327.	
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 SEE STATEMENT 6)	11,387.	13,587.	
	23	Total liabilities (add lines 17 through 22)	11,387.	13,587.	
NET FUND ASSETS OR	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/>				
	24	Unrestricted	1,933,914.	1,867,740.	
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
30	Total net assets or fund balances (see the instructions)	1,933,914.	1,867,740.		
31	Total liabilities and net assets/fund balances (see the instructions)	1,945,301.	1,881,327.		

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	1,933,914.
2	Enter amount from Part I, line 27a	2	-66,174.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	1,867,740.
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	1,867,740.

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	251.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)		3	0.

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

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

N/A

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If 'Yes,' the foundation does not qualify under section 4940(e) Do not complete this part

(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))
2009			
2008			
2007			
2006			
2005			

2 Total of line 1, column (d)	2
3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4
5 Multiply line 4 by line 3	5
6 Enter 1% of net investment income (1% of Part I, line 27b)	6
7 Add lines 5 and 6	7
8 Enter qualifying distributions from Part XII, line 4	8

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

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 – see 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	1,412.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b			
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, 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	1,412.
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	1,412.
6 Credits/Payments			
a 2010 estimated tax pmts and 2009 overpayment credited to 2010	6a	1,877.	
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments Add lines 6a through 6d		7	1,877.
8 Enter any penalty for underpayment of estimated tax Check here <input checked="" 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	465.
11 Enter the amount of line 10 to be Credited to 2011 estimated tax 465. Refunded		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 2010 or the taxable year beginning in 2010 (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

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Part VII-A Statements Regarding Activities (Continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)			X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address	X		
14 The books are in care of ▶ <u>DAVID KELTON</u> Telephone no ▶ <u>310-396-4514</u> Located at ▶ <u>2716 OCEAN PARK BL STE 3006 SANTA MONICA CA</u> ZIP + 4 ▶ <u>90405-5299</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	N/A		<input type="checkbox"/> N/A
16 At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?				
	See the instructions for exceptions and filing requirements for Form TD F 90-22 1 If 'Yes,' enter the name of the foreign country ▶			

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

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

		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <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"/>	1b	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 2010?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <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)	2b	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__		
3a	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 2010 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 2010)	3b	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	X

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

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

(1) Carry on propoganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (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)? **5b** N/A

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No **N/A**

If 'Yes,' attach the statement required by Regulations section 53 4945-5(d)

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No **6b** X

If 'Yes' to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No **7b** N/A

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
DAVID KELTON 2716 OCEAN PARK BLVD #3006 SANTA MONICA, CA 90405-5299	PRESIDENT/DI 0	0.	0.	0.
RICHARD KELTON 2716 OCEAN PARK BLVD #3006 SANTA MONICA, CA 90405-5299	V PRE/SEC/DI 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

1	Expenses
N/A NOT AN OPERATING FOUNDATION	

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	
3	

Total. Add lines 1 through 3 ▶ 0.

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes		
a Average monthly fair market value of securities	1a	1,211,998.
b Average of monthly cash balances	1b	39,207.
c Fair market value of all other assets (see instructions)	1c	623,652.
d Total (add lines 1a, b, and c)	1d	1,874,857.
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	1,874,857.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	28,123.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,846,734.
6 Minimum investment return. Enter 5% of line 5	6	92,337.

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	92,337.
2a Tax on investment income for 2010 from Part VI, line 5	2a	1,412.	
b Income tax for 2010 (This does not include the tax from Part VI)	2b		
c Add lines 2a and 2b	2c	1,412.	
3 Distributable amount before adjustments Subtract line 2c from line 1	3	90,925.	
4 Recoveries of amounts treated as qualifying distributions	4		
5 Add lines 3 and 4	5	90,925.	
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	90,925.	

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	136,765.
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	136,765.
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	
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	136,765.

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 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				90,925.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years 20 __, 20 __, 20 __		0.		
3 Excess distributions carryover, if any, to 2010				
a From 2005	68,618.			
b From 2006	68,342.			
c From 2007	81,126.			
d From 2008	49,366.			
e From 2009	30,261.			
f Total of lines 3a through e	297,713.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 136,765.				
a Applied to 2009, 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 2010 distributable amount				90,925.
e Remaining amount distributed out of corpus	45,840.			
5 Excess distributions carryover applied to 2010 (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	343,553.			
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 2009 Subtract line 4a from line 2a Taxable amount — see instructions			0.	
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				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 2005 not applied on line 5 or line 7 (see instructions)	68,618.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	274,935.			
10 Analysis of line 9				
a Excess from 2006	68,342.			
b Excess from 2007	81,126.			
c Excess from 2008	49,366.			
d Excess from 2009	30,261.			
e Excess from 2010	45,840.			

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 2010, 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) 2010	(b) 2009	(c) 2008	(d) 2007	
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))
NONE

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
DAVID KELTON

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
<i>a Paid during the year</i> SEE STATEMENT 8				
Total				▶ 3a 133,880.
<i>b Approved for future payment</i>				
Total				▶ 3b

KELTON FUND, INC

95-6092356

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
G SCOTT LITTELL	\$ 2,750.	\$ 1,375.	\$ 1,375.	\$ 1,375.
TOTAL	<u>\$ 2,750.</u>	<u>\$ 1,375.</u>	<u>\$ 1,375.</u>	<u>\$ 1,375.</u>

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
FRANCHISE TAX BOARD	\$ 10.			\$ 10.
UNITED STATES TREASURY	1,500.			1,500.
TOTAL	<u>\$ 1,510.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 1,510.</u>

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
FEES	\$ 75.	\$ 75.		
RENTAL EXPENSES			\$ 240,042.	
RENTAL EXPENSES	240,042.	240,042.		
TOTAL	<u>\$ 240,117.</u>	<u>\$ 240,117.</u>	<u>\$ 240,042.</u>	<u>\$ 0.</u>

STATEMENT 4
FORM 990-PF, PART II, LINE 11
INVESTMENTS - LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
FURNITURE AND FIXTURES	\$ 11,444.	\$ 10,388.	\$ 1,056.	\$ 1,056.
MACHINERY AND EQUIPMENT	124,147.	96,314.	27,833.	27,833.
BUILDINGS	845,500.	429,139.	416,361.	416,361.
IMPROVEMENTS	1,250.	265.	985.	985.
LAND	177,000.		177,000.	177,000.
TOTAL	<u>\$ 1,159,341.</u>	<u>\$ 536,106.</u>	<u>\$ 623,235.</u>	<u>\$ 623,235.</u>

STATEMENT 5
FORM 990-PF, PART II, LINE 15
OTHER ASSETS

	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
ORGANIZATION EXPENSE	\$ 237.	
ORGANIZATION EXPENSE		\$ 237.
TOTAL	<u>\$ 237.</u>	<u>\$ 237.</u>

STATEMENT 6
FORM 990-PF, PART II, LINE 22
OTHER LIABILITIES

SECURITY DEPOSITS KELTON PLAZA	\$ 13,388.
DUE TO KELTON TRUST	199.
TOTAL	<u>\$ 13,587.</u>

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	(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	200 SHS ALABAMA POWER	PURCHASED	5/23/2008	3/26/2010	5,054.		5,000.	54.				\$ 54.
2	200 SHS ALABAMA POWER	PURCHASED	5/27/2008	3/26/2010	5,048.		4,999.	49.				49.
3	200 SHS ALABAMA POWER	PURCHASED	5/27/2008	3/26/2010	5,044.		4,999.	45.				45.
4	100 SHS ALABAMA POWER	PURCHASED	5/23/2008	3/26/2010	2,527.		2,500.	27.				27.
5	100 SHS ALABAMA POWER	PURCHASED	5/23/2008	3/26/2010	2,528.		2,507.	21.				21.
6	100 SHS ALABAMA POWER	PURCHASED	5/27/2008	3/26/2010	2,530.		2,499.	31.				31.
7	100 SHS ALABAMA POWER	PURCHASED	5/27/2008	3/26/2010	2,523.		2,499.	24.				24.
8	1000 SHS GEORGIA POWER	PURCHASED	1/13/2005	9/27/2010	25,000.		25,000.	0.				0.
											TOTAL	<u>\$ 251.</u>

KELTON FUND, INC

95-6092356

STATEMENT 8
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
ALSC/OPERATION SCHOOL BELL 1370 N ST. ANDREWS PL HOLLYWOOD, CA 90028	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	\$ 3,000.
AMERICAN CANCER SOCIETY PO BOX 79099 LOS ANGELES, CA 90079-0099	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	200.
AMERICAN HEART ASSOCIATION PO BOX 78851 PHOENIX, AZ 85062-8851	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	150.
AMERICAN RED CROSS - SANTA MONICA AMERICAN RED CROSS OF SAN... SANTA MONICA, CA 90401-2902	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	400.
ARTS HIGH FOUNDATION 5151 STATE UNIVERSITY DR LOS ANGELES, CA 90032	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	200.
ASSOCIATES - IMC 7150 TAMPA AVE RESEDA, CA 91335	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	1,000.
AVON BREAST CANCER 3-DAY 601 W TEMPLE ST CHICAGO, IL 60674-1129	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	20,000.
CENTER THEATRE GROUP 601 W TEMPLE ST LOS ANGELES, CA 90012	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	100.
CHILDREN'S WISH FOUNDATION INTERNATIONAL 8615 ROSWELL ROAD ATLANTA, GA 30350-1822	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	100.
DESIGN FOR SHARING B100 ROYCE HALL BOX 951529 LOS ANGELES, CA 90095-1529	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	1,000.
DREAM STREET FOUNDATION 6399 WILSHIRE BOULEVARD ST... LOS ANGELES, CA 90048	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	100.
GEFFEN PLAYHOUSE 2200 SANTA MONICA BLVD CHICAGO, IL 60674-1129	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	5,000.

KELTON FUND, INC

95-6092356

STATEMENT 8 (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
HEAL THE BAY 2550 NINTH ST STE 1059 BERKELEY, CA 94710-2551	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	\$ 500.
JUVENILE DIABETES RESEARCH FOUNDATION 17872 MITCHELL NORTH STE 100 IRVINE, CA 92614	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	1,000.
KEHILLAT ISRAEL 16019 SUNSET BLVD PACIFIC PALISADES, CA 90272	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	200.
KUSC PO BOX 80354 LOS ANGELES, CA 90080-0354	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	2,500.
LACMA 5905 WILSHIRE BLVD LOS ANGELES, CA 90036	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	15,282.
LEO BAECK TEMPLE 1300 N SEPULVEDA BLVD LOS ANGELES, CA 90049	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	333.
LEUKEMIA AND LYMPHOMA SOCIETY 6033 WEST CENTURY BOULEVARD LOS ANGELES, CA 90045	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	5,000.
LOS ANGELES OPERA 135 NORTH GRAND AVE LOS ANGELES, CA 90012	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	5,500.
LOS ANGELES PHILHARMONIC ASSOCIATION 151 SOUTH GRAND AVE LOS ANGELES, CA 90012	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	20,000.
LOS ANGELES TIMES SUMMER CAMP CAMPAIGN PO BOX 100324 PASADENA, CA 91189-1100	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	2,750.
PALISADES CHARTER HIGH SCHOOL - POOL ACCOUNT 15777 BOWDOIN STREET PACIFIC PALISADES, CA 90272	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	235.

KELTON FUND, INC

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STATEMENT 8 (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
PASADENA PLAYHOUSE 39 S EL MOLINA AVE PASADENA, CA 91101	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	\$ 130.
PLANNED PARENTHOOD LOS ANGELES FOOD FARE 2009//FILE 50068 LOS ANGELES, CA 90074-0068	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	2,500.
REPRISE 1575 WESTWOOD BLVD STE 204 LOS ANGELES, CA 90024-5627	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	500.
SAINT JOHN'S HEALTH CENTER FOUNDATION 15777 BOWDOIN ST PACIFIC PALISADES, CA 90272	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	200.
SCPR PO BOX 51920 LOS ANGELES, CA 90051-6220	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	2,000.
SKIRBALL CULTURAL CENTER 2701 N SEPULVEDA BLVD LOS ANGELES, CA 90049-6833	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	200.
SPECIAL OLYMPICS SOUTHERN CALIFORNIA INC PO BOX 1986 SANTA MONICA, CA 90406-1986	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	100.
THE GUARDIANS EDWARD K MILKIS BUSINESS C... LOS ANGELES, CA 90025	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	250.
THE JEWISH FEDERATION 6505 WILSHIRE BLVD LOS ANGELES, CA 90048	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	20,000.
UCLA FOUNDATION PO BOX 24209 LOS ANGELES, CA 90099-4214	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	20,000.
UCLA FOUNDATION LAW FUND PO BOX 24209 LOS ANGELES, CA 90024	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	2,500.
US FUND FOR UNICEF PO BOX 27708 NEWARK, NJ 07101-7708	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	200.

KELTON FUND, INC

95-6092356

STATEMENT 8 (CONTINUED)
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>
USA FOR UNHCR PO BOX 97114 WASHINGTON, DC 20077-7282	NONE	PUBLIC	SUPPORT OF CHARITABLE ACTIVITIES	\$ 750.
			TOTAL	\$ <u>133,880.</u>

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

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

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

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

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

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

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

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

Type or print	Name of exempt organization	Employer identification number
	KELTON FUND, INC	95-6092356
	Number, street, and room or suite number. If a P O box, see instructions	
File by the due date for filing your return. See instructions	2716 OCEAN PARK BLVD #3006	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	SANTA MONICA, CA 90405-5299	

Enter the Return code for the return that this application is for (file a separate application for each return) 04

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ► DAVID KELTON

Telephone No ► 310-396-4514 FAX No ► _____

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

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 8/15, 20 11, to file the exempt organization return for the organization named above. The extension is for the organization's return for

- calendar year 20 10 or
- tax year beginning _____, 20 _____, and ending _____, 20 _____

2 If the tax year entered in line 1 is for less than 12 months, check reason Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	\$	1,412.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	\$	1,877.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	3c	\$	0.

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