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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 Jul 1, 2010, and ending Jun 30, 2011

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

Name of foundation

KINESIS, INC.

Number and street (or P O box number if mail is not delivered to street address)

83 DE DIEGO AVE PMB-607

Room/suite

10

City or town

SAN JUAN

State ZIP code

PR 00927-6372

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundationI Fair market value of all assets at end of year
(from Part II, column (c), line 16)

\$ 11,086,395.

J Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify) _____

(Part I, column (d) must be on cash basis)

A Employer identification number

66-0727042

B Telephone number (see the instructions)

(787) 771-6872

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 ☐

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)

1 Contributions, gifts, grants, etc. received (att sch)

1,470,961.

2 Ck ☐ if the foundn is not req to att Sch B

3 Interest on savings and temporary cash investments

69,215.

0.

4 Dividends and interest from securities

327,362.

0.

5a Gross rents

b Net rental income or (loss)

6a Net gain/(loss) from sale of assets not on line 10

258,523.

b Gross sales price for all assets on line 6a

3,040,072.

7 Capital gain net income (from Part IV, line 2)

8 Net short-term capital gain

9 Income modifications

10a Gross sales less returns and allowances

b Less Cost of goods sold

c Gross profit/(loss) (att sch)

11 Other income (attach schedule)

MISCELLANEOUS DONATIONS

10,141.

0.

12 Total. Add lines 1 through 11

2,136,202.

0.

13 Compensation of officers, directors, trustees, etc

69,110.

14 Other employee salaries and wages

5,493.

15 Pension plans, employee benefits

16a Legal fees (attach schedule) L-16a Stmt

111,001.

b Accounting fees (attach sch) L-16b Stmt

22,222.

c Other prof fees (attach sch) L-16c Stmt

194,162.

0.

17 Interest

18 Taxes (attach schedule) (see instr)

19 Depreciation (attach sch) and depletion L-19 Stmt

942.

20 Occupancy

21 Travel, conferences, and meetings

303.

22 Printing and publications

23 Other expenses (attach schedule)

See Line 23 Stmt

30,703.

24 Total operating and administrative expenses. Add lines 13 through 23

433,936.

0.

25 Contributions, gifts, grants paid

394,486.

394,486.

26 Total expenses and disbursements. Add lines 24 and 25

828,422.

0.

394,486.

27 Subtract line 26 from line 12:

a Excess of revenue over expenses and disbursements

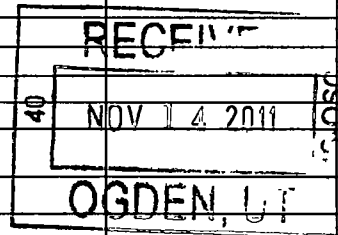
1,307,780.

b Net investment income (if negative, enter -0-)

0.

c Adjusted net income (if negative, enter -0-)

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ADMINISTRATIVE AND OPERATING EXPENSES

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		200.	200.
	2 Savings and temporary cash investments		291,443.	291,443.
	3 Accounts receivable	585,842.		
	Less: allowance for doubtful accounts		585,842.	585,842.
	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)			
	b Investments — corporate stock (attach schedule) L-10b Stmt		3,782,087.	3,993,989.
	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) L-13 Stmt		5,841,541.	6,204,376.	
14 Land, buildings, and equipment: basis	4,523.			
Less: accumulated depreciation (attach schedule) L-14 Stmt	942.	3,581.	3,581.	
15 Other assets (describe PREPAID TAXES)		6,964.	6,964.	
16 Total assets (to be completed by all filers — see instructions. Also, see page 1, item I)	0.	10,511,658.	11,086,395.	
LIABILITIES	17 Accounts payable and accrued expenses		10,953.	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule) L-21 Stmt		329,992.	
	22 Other liabilities (describe)			
	23 Total liabilities (add lines 17 through 22)		340,945.	
NET ASSETS OR FUND 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		10,170,713.	
	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)		10,170,713.	
	31 Total liabilities and net assets/fund balances (see the instructions)	0.	10,511,658.	

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	
2 Enter amount from Part I, line 27a	2	1,307,780.
3 Other increases not included in line 2 (itemize)	3	8,862,933.
4 Add lines 1, 2, and 3	4	10,170,713.
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	10,170,713.

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)
1 a <i>N/A</i>				
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			(i) 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

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

☐ If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8

3

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))
2009	<i>N/A</i>		
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.)			
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		1	0.
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	0.
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	0.
6 Credits/Payments:			
a 2010 estimated tax pmts and 2009 overpayment credited to 2010	6a		
b Exempt foreign organizations – tax withheld at source	6b	2,141.	
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	2,141.	
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		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	2,141.	
11 Enter the amount of line 10 to be: Credited to 2011 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11	2,141.	

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)?		X
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.		
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 <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If 'Yes,' attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If 'Yes,' attach a conformed copy of the changes		X
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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If 'Yes,' attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If 'Yes,' complete Part II, column (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions)		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If 'No,' attach explanation		X
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If 'Yes,' complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses	X	

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Part VII-A Statements Regarding Activities (Continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	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 <u>N/A</u>	13	X	
14	The books are in care of <u>OFFICE PREMISES</u> Telephone no. <u>(787) 771-6872</u> Located at <u>PMB 607 SUITE 105 SAN JUAN PR</u> ZIP + 4 <u>00927</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>			
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?	16	Yes	No
See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country <u></u>				X

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	
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?	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 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 <u>20__ , 20__ , 20__ , 20__</u>		
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	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20__ , 20__ , 20__ , 20__</u>		
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 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)	3 b	
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 2010?	4 b	X

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☒ Yes ☐ No

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

X

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

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

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

6b

X

If '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?

7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (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
JOSE E FERNANDEZ BJERG 1717 LILAS ST SAN JUAN PR 00927	PRESIDENT 8.00	0.	0.	0.
JOSE E FERNANDEZ RICHARDS 101 SAN ROBERTO ST SAN JUAN PR 00926	SECRETARY/TREASURER 8.00	0.	0.	0.
MARGARET VAN-KIRK 101 SAN ROBERTO ST SAN JUAN PR 00926	SCHOLARSHIP DIRECTOR 40.00	59,231.	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				
0				
0				
0				
0				

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

None

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

None

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	
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	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	

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

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

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	0.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	0.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	0.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	0.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	0.
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	0.

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	394,486.
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	394,486.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	394,486.

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				0.
2 Undistributed income, if any, as of the end of 2010:				
a Enter amount for 2009 only				
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2010				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e				
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ \$ <u>394,486.</u>				
a Applied to 2009, but not more than line 2a				
b Applied to undistributed income of prior years (Election required — see instructions)				
c Treated as distributions out of corpus (Election required — see instructions)				
d Applied to 2010 distributable amount				
e Remaining amount distributed out of corpus	394,486.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5	394,486.			
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				
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)				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	394,486.			
10 Analysis of line 9:				
a Excess from 2006	0.			
b Excess from 2007	0.			
c Excess from 2008	0.			
d Excess from 2009	0.			
e Excess from 2010	394,486.			

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 **Mar 22, 2009**
- 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).)
- 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.

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 VII Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient		If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)					
a <i>Paid during the year</i>					
VARIOUS SEE SCHEDULE SAN JUAN PR 00927		NONE		EDUCATION-SCHOLARSHIPS	394,486.
Total					394,486.
b <i>Approved for future payment</i>					
Total					

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF

OMB No 1545-0047

2010

Name of the organization

KINESIS, INC.

Employer identification number

66-0727042

Organization type (check one)

Filers of:

Form 990 or 990-EZ

Section:

- ☐ 501(c)(____) (enter number) organization
☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
☐ 527 political organization

Form 990-PF

- ☒ 501(c)(3) exempt private foundation
☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ, that met the 33-1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ, that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ, that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ▶ \$ _____

Caution: An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF) but it **must** answer 'No' on Part IV, line 2 of their Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

Name of organization

Employer identification number

KINESIS, INC.

66-0727042

Part I Contributors (see instructions.)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	JOSE E FERNANDEZ BJERG 1717 LILAS ST SAN JUAN PR 00927	\$ 1,140,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	OMEGA OVERSEAS INVESTMENT 101 SAN ROBERTO ST SAN JUAN PR 00927	\$ 271,047.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	WALMART FOUNDATION 720 SW 8TH ST BENTONVILLE AR 72716-8611	\$ 50,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Form 990-PF
Part II, Lines 20b, and
21b

Loans, Mortgages, and Other Notes Payable

2010

Name KINESIS, INC.	Employer Identification Number 66-0727042
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Lender Information

Loan Payable Type 3
Lender Name MORGAN STANLEY Lenders Title _____

Check Box, if Lender is a Business ☒
Relationship of Lender NONE Borrower's Security _____
Purchase Terms _____ Repayment Terms _____
Purpose of Loan _____ Description of Consideration MARGIN ACCOUNT
Original Amount _____ Beginning Year Balance _____ Year End Balance 329,992.

FMV of Consideration _____ Date of Note _____
Maturity Date _____ Interest Rate _____
Loan Payable Type _____

Lender Name _____ Lenders Title _____
Check Box, if Lender is a Business ☐

Relationship of Lender _____ Borrower's Security _____
Purchase Terms _____ Repayment Terms _____
Purpose of Loan _____ Description of Consideration _____
Original Amount _____ Beginning Year Balance _____ Year End Balance _____

FMV of Consideration _____ Date of Note _____
Maturity Date _____ Interest Rate _____
Loan Payable Type _____

Lender Name _____ Lenders Title _____
Check Box, if Lender is a Business ☐

Relationship of Lender _____ Borrower's Security _____
Purchase Terms _____ Repayment Terms _____
Purpose of Loan _____ Description of Consideration _____
Original Amount _____ Beginning Year Balance _____ Year End Balance _____

FMV of Consideration _____ Date of Note _____
Maturity Date _____ Interest Rate _____
Loan Payable Type _____

Lender Name _____ Lenders Title _____
Check Box, if Lender is a Business ☐

Relationship of Lender _____ Borrower's Security _____
Purchase Terms _____ Repayment Terms _____
Purpose of Loan _____ Description of Consideration _____
Original Amount _____ Beginning Year Balance _____ Year End Balance _____

FMV of Consideration _____ Date of Note _____
Maturity Date _____ Interest Rate _____

Form 990-PF, Page 1, Part I, Line 23

Line 23 Stmt

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
ADVERTISING	7,068.			
OFFICE EXPENSES	1,791.			
SAT REVIEWS & TESTS	10,400.			
MISCELLANEOUS	561.			
INTEREST EXPENSE	10,883.			
Total	30,703.			

Form 990-PF, Page 1, Part I

Line 16a - Legal Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
CARMEN CONAWAY	LEGAL	50.			
WILBERTO RODRIGUEZ	LEGAL	700.			
MCCONNEL VALDES	LEGAL	110,251.			
Total		111,001.			

Form 990-PF, Page 1, Part I

Line 16b - Accounting Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ISLAND ACCOUNTING	MONTHLY ACCOUNTING	9,026.			
SCHERRER HERNANDEZ P	CONSULTING	10,000.			
LUIS CARRASQUILLO	ACCOUNTING	2,783.			
CARLOS NIEVES	CONSULTING	413.			
Total		22,222.			

Form 990-PF, Page 1, Part I

Line 16c - Other Professional Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ADP	PAYROLL	1,296.			
DR RAFAEL ARAGUNDE	ADMINISTRATION	17,885.			
GONZALO RUBIANO	ADMINISTRATION	8,000.			
JOSE M LOZANO	ADMINISTRATION	3,874.			
THE PRINCETON REVIEW	ADMINISTRATION	15,968.			
ELENA GONZALEZ	ADMINISTRATION	5,123.			
HECTOR MENDEZ	PORTFOLIO FEES	4,333.	0.		
LUCY DOMINGUEZ	ADMINISTRATION	400.			
PORTFOLIO FEES	BROKERS	137,283.	0.		
Total		194,162.	0.		

Form 990-PF, Line 19

Allocated Depreciation

Description	Date Acquire	Cost or Basis	Prior Yr. Depr	Mthd	Life	Current Depr	Net Invest Income	Adjusted Net Income
COMPUTER EQUIPMENT	08/01/01	4523	0	200DB	5.00	0		

Total

Form 990-PF, Page 2, Part II, Line 10b

L-10b Stmt

Line 10b - Investments - Corporate Stock:	End of Year	
	Book Value	Fair Market Value
PUNTO VERDE PFD STOCK	50,000.	50,000.
PARQUE VERDEROL CUM PFD STK	2,000,000.	2,000,000.
MANAGED ACCOUNTS	980,009.	1,124,267.
MARKETABLE SECURITIES	752,078.	819,722.
Total	<u>3,782,087.</u>	<u>3,993,989.</u>

Form 990-PF, Page 2, Part II, Line 13

L-13 Stmt

Line 13 - Investments - Other:	End of Year	
	Book Value	Fair Market Value
HEDGE FUNDS	3,264,273.	3,541,207.
PRIVATE EQUITY	1,624,451.	1,571,596.
PRIVATE EQUITY ENDOWMENT MODEL FUNDS	952,817.	1,091,573.
Total	<u>5,841,541.</u>	<u>6,204,376.</u>

Form 990-PF, Page 2, Part II, Line 14

L-14 Stmt

Line 14b - Description of Land, Buildings, and Equipment	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
COMPUTER EQUIPMENT	4,523.	942.	3,581.
Total	<u>4,523.</u>	<u>942.</u>	<u>3,581.</u>

Supporting Statement of:

Form 990-PF, p1/Line 11(a)-1

Description	Amount
MISCELLANEOUS DONATIONS	9,417.
FROM HIGHVISTA K-1	724.
Total	<u>10,141.</u>

Supporting Statement of:

Form 990-PF, p1/Line 25(d)

Description	Amount
COLLEGE EDUCATION-SCHOLARSHIPS	394,486.
Total	<u>394,486.</u>

Supporting Statement of:

Form 990-PF, p2/Line 2(c)

Description	Amount
BANCO BILBAO VIZCAYA	38,158.
ORIENTAL BANK	200,104.
MORGAN STANLEY EUROS	13,784.
MORGAN STANLEY-HKDOLS	834.
FIDELITY INVESTMENTS	20,096.
MORGAN STANLEY 10480	5,117.
MORGAN STANLEY 10482	10,906.
CHARLES SCHWAB	2,444.
Total	<u>291,443.</u>

Supporting Statement of:

Form 990-PF, p2/Line 3 Accounts Rec.

Description	Amount
PUNTO VERDE	463,469.
MS SELECT INVEST	102,942.
EDDIE FIGUEROA	16,381.
TIM RIPPINGER	3,050.
Total	<u>585,842.</u>

Supporting Statement of:

Form 990-PF, p2/Line 17 (b)

Description	Amount
LOANS PAYABLE	621.
LINE OF CREDIT	10,244.
7% TAX WITHHELD	88.
Total	<u>10,953.</u>

Supporting Statement of:

Form 990-PF, p4/Line 6b Amount

Description	Amount
MORGAN STANLEY 590-010482	0.
MORGAN STANLEY 590-010480	1,961.
MORGAN STANLEY 4-G85614	180.
Total	<u>2,141.</u>

Supporting Statement of:

Form 990-PF, p12/Line 3 Column (d)

Description	Amount
INTEREST INCOME-BOOKS	68,779.
INTEREST INCOME-HIGHVISTA K-1	436.
Total	<u>69,215.</u>

Supporting Statement of:

Form 990-PF, p12/Line 4 Column (d)

Description	Amount
DIVIDEND INCOME-BOOKS	325,623.
DIVIDEND INCOME-HIGHVISTA K-1	1,739.
Total	<u>327,362.</u>

**A STATEMENT ATTACHED TO FORM 990-PF
RETURN OF PRIVATE FOUNDATION**

NAME OF PRIVATE FOUNDATION: KINESIS, INC.
TIN : 66-0727042

TAX YEAR: JULY 1, 2010 ENDING JUNE 30, 2011

EXPLANATION TO PART VII-A LINE 8 B

PUERTO RICO DOES NOT HAVE SUCH REQUIREMENT; HOWEVER FORM 480.70 INFORMATIVE RETURNS FOR TAX EXEMPT ORGANIZATION IS FILED TO THE PUERTO RICO TREASURY DEPARTMENT ON AN ANNUAL BASIS AND THE ORGANIZATION OF THE CORPORATION WERE FILED WITH THE PUERTO RICO STATE DEPARTMENT

A STATEMENT ATTACHED TO FORM 990-PF
RETURN OF PRIVATE FOUNDATION
NAME OF PRIVATE FOUNDATION. KINESIS, INC.
TIN: 66-0727042
TRANSFERS FROM FUNDACION FERNANDEZ BJERG
PAGE #2 PART III LINE #3

SAVINGS AND TEMPORARY CASH INVESTMENTS	\$ 286,882
ACCOUNTS RECEIVABLE	740,096
INVESTMENTS IN CORPORATE STOCK	3,407,187
INVESTMENTS OTHER	6,237,027
OTHER ASSETS	3,320
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(122,026)
MORTGAGES AND OTHER NOTES PAYABLE	<u>(1,689,553)</u>
AMOUNTS TRANSFERRED FROM FUNDACION FERNANDEZ BJERG	<u><u>\$ 8,862,933</u></u>

KINESIS, INC.
PART XV 3(a) SUPPLEMENTARY INFORMATION
GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

INSTITUTION NAME ADDRESS	RECIPIENT NAME/ADDRESS	RELATIONSHIP TO MANAGER/CONTRIBUTOR	FOUNDATION STATUS OF RECIPIENT	AMOUNT
VILLANOVA UNIVERSITY 000051	ADRIANA SERRANO	NONE	N/A	3,000.00
UNIV OF ADELAIDE-AIXA RIVERA	AIXA RIVERA	NONE	N/A	2,500.00
IOWA STATE UNIVERSITY 000049	ALEX AVEDANO	NONE	N/A	4,000.00
NORTHWESTERN UNIVERSITY 003019	ALFREDO GARCIA	NONE	N/A	6,000.00
UNIVERSITY OF MICHIGAN 003042	ALLISON YUEN YEE	NONE	N/A	4,000.00
MARQUETTE UNIVERSITY 000029	ANDRES COLON	NONE	N/A	11,000.00
UNIVERSIDAD DE PR-CIENCIAS MED 000058	ANDRES MUÑOZ	NONE	N/A	7,500.00
UNIVERSITY OF PENNSYLVANIA 000033	ANGEL RAMOS	NONE	N/A	5,000.00
HARVARD UNIVERSITY 000014	ANGEL RODRIGUEZ	NONE	N/A	2,000.00
BROWN UNIVERSITY 000046	ANGELICA MINHOFFER	NONE	N/A	5,000.00
AMERICAN UNIVERSITY 000005	ANTONIO RIVERA	NONE	N/A	2,000.00
UNIVERSIDAD DE PR-MAYAGUEZ 000030	ARMANDO FIGUEROA	NONE	N/A	3,000.00
SYRACUSE UNIVERSITY 000021	ASHLEY NIEVES	NONE	N/A	3,000.00
EMBRY RIDDLE UNIVERSITY 000020	AXEL GARCIA BURGOS	NONE	N/A	4,000.00
CONCORDIA UNIVERSITY 000024	BERNARD LEBRON	NONE	N/A	6,490.30
SYRACUSE UNIVERSITY 000038	BLANCA ROURA	NONE	N/A	1,500.00
CORNELL UNIVERSITY 000028	CAMILLE VELEZ	NONE	N/A	5,000.00
UNIVERSITY CALIFORNIA-BERKELEY 000031	CARLOS BELTRAN	NONE	N/A	2,000.00
UNIVERSITY OF WASHINGTON 003004	CARLOS CRUZ	NONE	N/A	7,500.00
COLUMBIA UNIVERSITY 003227	CARLOS PEREZ	NONE	N/A	1,000.00
IOWA STATE UNIVERSITY 000035	CARLOS PEREZ	NONE	N/A	2,300.00
COLUMBIA UNIVERSITY 003006	CARLOS REYES	NONE	N/A	1,000.00
UNIVERSIDAD DE VALENCIA 000002	CLARIBEL BAEZ FELIX	NONE	N/A	2,497.37
OHIO STATE UNIVERSITY 000003	CLAUDIA PEREZ	NONE	N/A	3,000.00
BOSTON UNIV-SCHOOL OF MEDICINE 000039	CRISTINA CRESPO	NONE	N/A	4,500.00
TUFT'S UNIVERSITY 000025	DAVID NUÑEZ	NONE	N/A	2,000.00
CARDOSO SCHOOL OF LAW 000016	DAVID RIVAS	NONE	N/A	2,000.00
SYRACUSE UNIVERSITY 003147	DIANYS PADRO	NONE	N/A	2,750.00
PENN STATE UNIVERSITY 003016	DOUGLAS ARTZE	NONE	N/A	6,000.00
IOWA STATE UNIVERSITY 003005	DYANIS PADRO	NONE	N/A	2,750.00
SYRACUSE UNIVERSITY 003018	EMMANUEL AMUNDARAY	NONE	N/A	12,000.00
PURDUE UNIVERSITY 000008	ERIC FLORES	NONE	N/A	10,000.00
UNIV OF MANCHESTER	FELIX APONTE	NONE	N/A	8,386.94
EMBRY RIDDLE UNIVERSITY 003149	FRANCISCO FRANQUIZ	NONE	N/A	4,000.00
EMBRY RIDDLE UNIVERSITY 000026	FRANCISCO RAMIREZ	NONE	N/A	4,000.00
HARVARD UNIVERSITY 000023	GABRIELA ACEVEDO	NONE	N/A	5,141.50

KINESIS, INC
PART XV 3(a) SUPPLEMENTARY INFORMATION
GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

INSTITUTION NAME ADDRESS	RECIPIENT NAME/ADDRESS	RELATIONSHIP TO MANAGER/CONTRIBUTOR	FOUNDATION STATUS OF RECIPIENT	AMOUNT
UNIVERSITY CALIFORNIA-BERKELEY 000050	GABRIELA AGUIRRE	NONE	N/A	2,000.00
UNIV COMPLUTENSE-GIBRAN CRUZ	GIBRAN CRUZ	NONE	N/A	1,003.94
GIBRAN CRUZ MARTINEZ	GIBRAN CRUZ MARTINEZ	NONE	N/A	1,376.05
UNIVERSITY OF NOTRE DAME 000031	GRETCHEN DE DIEGO	NONE	N/A	7,800.00
NEW YORK UNIVERSITY SCH LAW 000037	GRISSELLE DIAZ	NONE	N/A	3,000.00
ARIZONA STATE UNIVERSITY 000007	ISA RODRIGUEZ	NONE	N/A	2,000.00
UNIVERSITY OF ILLINOIS 000067	JAMES KOLTHOFF	NONE	N/A	1,500.00
UNIVERSITY OF NOTRE DAME 003247	JAMES McSPRING	NONE	N/A	4,454.00
SYRACUSE UNIVERSITY 003226	JEAN AGOSTO	NONE	N/A	2,500.00
SYRACUSE UNIVERSITY 003038	JOHN DELGADO	NONE	N/A	1,500.00
UNIVERSITY OF MICHIGAN 003014	JORGE GUTIERREZ	NONE	N/A	6,500.00
LIBRERIA NORBERTO GONZALEZ 000029	JOSE LOZANO	NONE	N/A	392.61
UNIVERSIDAD SAGRADO CORAZON 000014	JOSE LOZANO	NONE	N/A	6,300.00
JOSE LOZANO 003145	JOSE LOZANO	NONE	N/A	6,300.00
AMERICAN UNIVERSITY 000026	JOSE RAMIREZ	NONE	N/A	2,000.00
GEORGIA TECH 003033	JUAN SAN EMETERIO	NONE	N/A	7,000.00
BRYANT UNIVERSITY 000025	JULIAN AVILES	NONE	N/A	5,000.00
UNIVERSITY OF WISCONSIN 000013	KAREN FLORES	NONE	N/A	3,000.00
UNIVERSIDAD COMPLUTENSE	KARINA ASMAR	NONE	N/A	1,998.10
BENTLEY COLLEGE 003146	KASSANDRA CASTILLON	NONE	N/A	5,000.00
SYRACUSE UNIVERSITY 000032	KATE CHEUNG	NONE	N/A	10,000.00
SYRACUSE UNIVERSITY 003021	KRISTIE PENA	NONE	N/A	2,000.00
PENN STATE UNIVERSITY 000015	LISMARIE REYES	NONE	N/A	4,000.00
UNIVERSITY OF MICHIGAN 000027	LORENA HERNANDEZ	NONE	N/A	5,000.00
UNIV AUTO DE BARCELONA	MAIDELISE RIOS	NONE	N/A	8,145.30
BABSON COLLEGE 003024	MANUEL DOX	NONE	N/A	5,000.00
PENN STATE UNIVERSITY 000006	MANUEL SANCHEZ	NONE	N/A	3,000.00
SYRACUSE UNIVERSITY 000018	MARCEL GARCIA BURGOS	NONE	N/A	3,000.00
COLLEGE OF THE HOLLY CROSS 003031	MARIA ALVAREZ	NONE	N/A	3,000.00
MASSACHUSETTS INST OF TECH 000030	MARIA MARTINEZ	NONE	N/A	7,000.00
NEW YORK PODIATRIC MEDICINE 000036	MARIOLA RIVERA	NONE	N/A	10,000.00
UNIVERSITY OF PENNSYLVANIA 003082	MICHELLE MENDIOLA	NONE	N/A	2,500.00
MARQUETTE UNIVERSITY 003020	MIGUEL CLAR	NONE	N/A	2,000.00
OHIO STATE UNIVERSITY 000002	MIGUEL PEREZ	NONE	N/A	3,000.00
UNIVERSITY OF MICHIGAN 000047	MIGUEL RIVAS	NONE	N/A	10,000.00
IOWA STATE UNIVERSITY 000017	MONICA ACEVEDO	NONE	N/A	2,000.00
CASE WESTERN RESERVE 003148	MORAIMA DE HOYOS	NONE	N/A	8,000.00

KINESIS, INC
PART XV 3(a) SUPPLEMENTARY INFORMATION
GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

INSTITUTION NAME ADDRESS	RECIPIENT NAME/ADDRESS	RELATIONSHIP TO MANAGER/CONTRIBUTOR	FOUNDATION STATUS OF RECIPIENT	AMOUNT
CALIFORNIA COLLEGE OF ARTS 003041	NELSON ACEVEDO	NONE	N/A	3,000.00
HOFTRA UNIVERSITY 000031	PABLO CRUZ	NONE	N/A	5,000.00
GEORGETOWN UNIVERSITY 000022	PABLO DIAZ	NONE	N/A	20,000.00
UNIVERSITY OF NOTRE DAME 003015	PETER PEREZ	NONE	N/A	3,000.00
UNIVERSITY OF NOTRE DAME 000028	RAFAEL RIVERA	NONE	N/A	4,000.00
TUSKEGEE UNIVERSITY 003017	RAFAEL SEDA	NONE	N/A	6,000.00
LOYOLA UNIVERSITY 003008	RAYMOND NAVARRO	NONE	N/A	2,000.00
CORNELL UNIVERSITY 000011	REINALDO SOTO	NONE	N/A	6,000.00
UNIVERSITY OF NORTH CAROLINA 000010	RYAN ARRIETA	NONE	N/A	2,000.00
IOWA STATE UNIVERSITY 000019	SABDIEL REYES	NONE	N/A	3,000.00
SYRACUSE UNIVERSITY 003003	STEPHANIE HERNANDEZ	NONE	N/A	7,000.00
FAIRFIELD UNIVERSITY 003023	STEPHANIE LUCIANO	NONE	N/A	3,000.00
EMBRY RIDDLE UNIVERISTY 003043	STEVEN O'NEILL	NONE	N/A	4,000.00
UNIVERSITY OF NOTRE DAME 003081	VALERIE MEJIAS	NONE	N/A	4,400.00
BROOKLYN COLLEGE 000061	ZORAIDA VELEZ	NONE	N/A	6,000.00
				<u>394,486.11</u>

1042-S: Foreign Person's U.S. Source Income Subject To Withholding
Tax Year 2010

WITHHOLDING AGENT'S NAME AND ADDRESS (IRS BOX 12a-12d)

☐ Check here if Nominee

MORGAN STANLEY SMITH BARNEY HOLDINGS LLC
ONE NEW YORK PLAZA
12TH FLOOR
NEW YORK, NY 10004

WITHHOLDING AGENT'S EIN (IRS BOX 11) 26-4310632

NONQUALIFIED INTERMEDIARY'S (NQI's)/FLOW-THROUGH ENTITY'S

Name (IRS Box 17) and Address (IRS Box 19a-19c)

RECIPIENT'S NAME AND ADDRESS (IRS Box 13a-13e)

KINESIS INC
ATTENTION: MR JOSE FERNANDEZ
89 AVE DE DIEGO, PMB 607 STE 105
SAN JUAN PR 00927-6370

ACCOUNT (IRS BOX 22) 590 010480
RECIPIENT CODE (IRS BOX 13b) 02
RECIPIENT'S U S TIN, IF ANY (IRS BOX 14) 66-0727042 EIN
COUNTRY CODE (IRS BOX 16) RQ

NQI's/Flow-through entity's Country Code (IRS Box 18)
NQI's/Entity's U.S. TIN, if any (IRS Box 20)

2010 1042-S SUMMARY

ISSUE DATE: MARCH 08, 2011

COPY B: FOR RECIPIENT

OMB NO. 1545-0096

INCOME CODE (IRS BOX 1)	GROSS INCOME (IRS BOX 2)	TAX RATE (IRS BOX 5)	EXEMPTION CODE (IRS BOX 6)	FEDERAL TAX WITHHELD (IRS BOX 7)	WITHHOLDING BY OTHER AGENTS (IRS BOX 8)	TOTAL WITHHOLDING CREDIT (IRS BOX 9)	AMOUNT REPAID TO RECIPIENT (IRS BOX 10)
06 37	\$6,534.67 \$139.11	30.00% 30.00%	00 02	\$1,960.50 \$0.00	\$0.00 \$0.00	\$1,960.50 \$0.00	\$0.00 \$0.00
GRAND TOTAL:	\$6,673.78			\$1,960.50	\$0.00	\$1,960.50	\$0.00

This is important tax information and is being furnished to the United States Internal Revenue Service, and may be furnished by the IRS to your country of residence pursuant to a tax treaty or other agreement.

1042-S: Foreign Person's U.S. Source Income Subject To Withholding
Tax Year 2010

WITHHOLDING AGENT'S NAME AND ADDRESS (IRS BOX 12a-12d)

☐ Check here if nominee

MORGAN STANLEY & CO. INC.
1300 THAMES STREET WHARF - 7TH FLOOR
BALTIMORE MD 21231
Toll-free 877-462-7621 For callers outside of the U.S.: 443-627-5020

ACCOUNT (IRS BOX 22) 004 G85614
RECIPIENT CODE (IRS BOX 13b) 02
RECIPIENT'S U.S. TIN, IF ANY (IRS BOX 14) 66-0727042 EIN
COUNTRY CODE (IRS BOX 16) RQ

RECIPIENT'S NAME AND ADDRESS (IRS Box 13a-13e)

KINESIS, INC
PMB 607, SUITE 105 89 AVE DE DIEGO
SAN JUAN 00927
PUERTO RICO

WITHHOLDING AGENT'S EIN (IRS BOX 11) 13-2655998

NONQUALIFIED INTERMEDIARY'S (NQI's)/FLOW-THROUGH ENTITY'S

Name (IRS Box 17) and Address (IRS Box 19a-19c)

NQI's/Flow-through entity's Country Code (IRS Box 18)
NQI's/Entity's U.S. TIN, if any (IRS Box 20)

2010 1042-S SUMMARY

ISSUE DATE: MARCH 21, 2011

COPY B: FOR RECIPIENT

OMB NO. 1545-0096

INCOME CODE (IRS BOX 1)	GROSS INCOME (IRS BOX 2)	TAX RATE (IRS BOX 5)	EXEMPTION CODE (IRS BOX 6)	FEDERAL TAX WITHHELD (IRS BOX 7)	WITHHOLDING BY OTHER AGENTS (IRS BOX 8)	TOTAL WITHHOLDING CREDIT (IRS BOX 9)	AMOUNT PAID TO RECIPIENT (IRS BOX 10)
01	\$23,064.00	0.00%	05	\$0.00	\$0.00	\$0.00	\$0.00
06	\$900.00	10.00%	00	\$90.00	\$0.00	\$90.00	\$0.00
34	\$900.00	10.00%	00	\$90.00	\$0.00	\$90.00	\$0.00
37	\$4,100.00	0.00%	02	\$0.00	\$0.00	\$0.00	\$0.00
50	\$277.00	0.00%	02	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL:	\$29,241.00			\$180.00	\$0.00	\$180.00	\$0.00

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**1042-S: Foreign Person's U.S. Source Income Subject To Withholding
Tax Year 2010**

WITHHOLDING AGENT'S NAME AND ADDRESS (IRS BOX 12a-12d)

☐ Check here if Nominee

MORGAN STANLEY SMITH BARNEY HOLDINGS LLC
ONE NEW YORK PLAZA
12TH FLOOR
NEW YORK, NY 10004

WITHHOLDING AGENT'S EIN (IRS BOX 11) 26-4310632

NONQUALIFIED INTERMEDIARY'S (NQI's)/FLOW-THROUGH ENTITY'S

Name (IRS Box 17) and Address (IRS Box 19a-19c)

NQI's/Flow-through entity's Country Code (IRS Box 18)
NQI's/Entity's U.S. TIN, if any (IRS Box 20)

ACCOUNT (IRS BOX 22) 590 010482
RECIPIENT CODE (IRS BOX 13b) 02
RECIPIENT'S U.S. TIN, IF ANY (IRS BOX 14) 66-0727042 EIN
COUNTRY CODE (IRS BOX 16) RQ

RECIPIENT'S NAME AND ADDRESS (IRS Box 13a-13e)

KINESIS INC
ATTENTION MR JOSE FERNANDEZ
89 AVE. DE DIEGO, PMB 607 STE 105
SAN JUAN PR 00927-6370

2010 1042-S SUMMARY

COPY B: FOR RECIPIENT

OMB NO. 1545-0096

ISSUE DATE: MARCH 08, 2011

INCOME CODE (IRS BOX 1)	GROSS INCOME (IRS BOX 2)	TAX RATE (IRS BOX 5)	EXEMPTION CODE (IRS BOX 6)	FEDERAL TAX WITHHELD (IRS BOX 7)	WITHHOLDING BY OTHER AGENTS (IRS BOX 8)	TOTAL WITHHOLDING CREDIT (IRS BOX 9)	AMOUNT PAID TO RECIPIENT (IRS BOX 10)
06	\$0.53	30.00%	00	\$0.16	\$0.00	\$0.16	\$0.00
GRAND TOTAL:	\$0.53			\$0.16	\$0.00	\$0.16	\$0.00

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