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

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

2011

For calendar year 2011 or tax year beginning

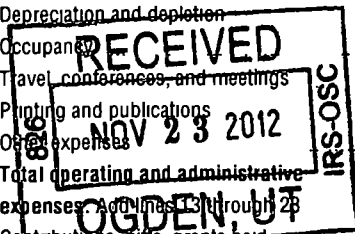
, and ending

Name of foundation HENRY T. NICHOLAS, III FOUNDATION		A Employer identification number 20-7201390
Number and street (or P.O. box number if mail is not delivered to street address) 15 ENTERPRISE	Room/suite 550	B Telephone number 949-448-4300
City or town, state, and ZIP code ALISO VIEJO, CA 92656		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Address change <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Amended return <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 5,920,870.	J Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses
(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue			N/A	
1 Contributions, gifts, grants, etc., received				
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	4,294.	37,611.		
4 Dividends and interest from securities		4,344.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	37.			
b Gross sales price for all assets on line 6a	19,977.			
7 Capital gain net income (from Part IV, line 2)		19,977.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income	4,494.	2,205.		
12 Total. Add lines 1 through 11	8,825.	64,137.		
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees	5,000.	2,500.		2,500.
c Other professional fees		18,383.		
17 Interest				
18 Taxes		1,691.		
19 Depreciation and depletion		6.		
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses	1,015.	1,024.		0.
24 Total operating and administrative expenses. Add lines 13 through 23	6,015.	23,604.		2,500.
25 Contributions, gifts, grants paid	1,372,171.			1,372,171.
26 Total expenses and disbursements. Add lines 24 and 25	1,378,186.	23,604.		1,374,671.
27 Subtract line 26 from line 12	-1,369,361.			
a Excess of revenue over expenses and disbursements				
b Net investment income (if negative, enter -0-)		40,533.		
c Adjusted net income (if negative, enter -0-)			N/A	

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	6,674,546.	5,335,735.	5,335,735.
	3 Accounts receivable ▶ 44.			
	Less: allowance for doubtful accounts ▶	749.	44.	44.
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	27,370.	26,743.	26,743.
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock			
	c Investments - corporate bonds			
Liabilities	11 Investments - land, buildings, and equipment basis ▶			
	Less: accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 8	588,191.	558,347.	558,348.
	14 Land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers)	7,290,856.	5,920,869.	5,920,870.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
Net Assets or Fund Balances	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)	0.	0.		
Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	15,882,006.	15,882,006.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	-8,591,150.	-9,961,137.	
	30 Total net assets or fund balances	7,290,856.	5,920,869.	
31 Total liabilities and net assets/fund balances	7,290,856.	5,920,869.		

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	7,290,856.
2 Enter amount from Part I, line 27a	2	-1,369,361.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	5,921,495.
5 Decreases not included in line 2 (itemize) ▶ PRIOR PERIOD ADJUSTMENT	5	626.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	5,920,869.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b SEE ATTACHED STATEMENT				
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 19,977.			19,977.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			
b			
c			
d			
e			19,977.

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	19,977.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter -0- in Part I, line 8		3	N/A

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

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

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

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

☐ Yes ☒ No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2010	864,889.	7,451,362.	.116071
2009	1,670,433.	9,308,147.	.179459
2008	7,269,320.	6,136,662.	1.184572
2007	2,819,779.	2,498,449.	1.128612
2006	0.	3,328,138.	.000000

2 Total of line 1, column (d)	2	2.608714
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	.521743
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	6,578,645.
5 Multiply line 4 by line 3	5	3,432,362.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	405.
7 Add lines 5 and 6	7	3,432,767.
8 Enter qualifying distributions from Part XII, line 4	8	1,374,671.

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 instructions)

1a 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 instructions)		1	811.
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, col. (b).		2	0.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		3	811.
3 Add lines 1 and 2		4	0.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		5	811.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-			
6 Credits/Payments:			
a 2011 estimated tax payments and 2010 overpayment credited to 2011	6a 26,743.	7	26,743.
b Exempt foreign organizations - tax withheld at source	6b	8	
c Tax paid with application for extension of time to file (Form 8868)	6c	9	
d Backup withholding erroneously withheld	6d	10	25,932.
7 Total credits and payments. Add lines 6a through 6d		11	0.
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached			
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed			
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid			
11 Enter the amount of line 10 to be: Credited to 2012 estimated tax <input checked="" type="checkbox"/> 25,932. Refunded <input type="checkbox"/>			

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		X
1c Did the foundation file Form 1120-POL for this year?		X
2 Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. <input checked="" type="checkbox"/> \$ 0. (2) On foundation managers. <input checked="" type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input checked="" type="checkbox"/> \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input checked="" type="checkbox"/> CA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (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

N/A

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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

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14 The books are in care of ► GOSHA ZANDT Telephone no. ► (949) 448-4300
 Located at ► 15 ENTERPRISE, SUITE 550, ALISO VIEJO, CA ZIP+4 ► 92656

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here
 and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A

16 At any time during calendar year 2011, 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 ►

16	Yes	No
		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
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 checked="" type="checkbox"/> Yes <input 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 instructions)? Organizations relying on a current notice regarding disaster assistance check here		X
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 2011?		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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? If "Yes," list the years ►	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	N/A	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ►		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If "Yes," did it have excess business holdings in 2011 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 2011)	N/A	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		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 2011?		X

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

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☒ Yes ☐ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No

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

Organizations relying on a current notice regarding disaster assistance check here

☒

5b

X

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?

N/A

7b

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
HENRY T. NICHOLAS III 15 ENTERPRISE, SUITE 550 ALISO VIEJO, CA 92656	TRUSTEE - HRS	DEVOTED	AS NEEDED	
	0.00	0.	0.	0.
ROBERT G. MAGNUSON 15 ENTERPRISE, SUITE 550 ALISO VIEJO, CA 92656	SPECIAL TRUSTEE-HRS	DEVOTED	AS NEEDED	
	0.00	0.	0.	0.

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

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

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

0

Part VIII.**Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** (continued)**3 Five highest-paid independent contractors for professional services. If none, enter "NONE."**

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

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

0

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

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.

Form 990-PF (2011)

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	145,755.
b	Average of monthly cash balances	1b	6,058,217.
c	Fair market value of all other assets	1c	474,855.
d	Total (add lines 1a, b, and c)	1d	6,678,827.
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	6,678,827.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	100,182.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	6,578,645.
6	Minimum investment return. Enter 5% of line 5	6	328,932.

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	328,932.
2a	Tax on investment income for 2011 from Part VI, line 5	2a	811.
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	811.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	328,121.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	328,121.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	328,121.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	1,374,671.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,374,671.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,374,671.

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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				328,121.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006				
b From 2007	1,447,431.			
c From 2008	7,018,009.			
d From 2009	1,205,026.			
e From 2010	492,948.			
f Total of lines 3a through e	10,163,414.			
4 Qualifying distributions for 2011 from Part XII, line 4: ► \$ 1,374,671.				
a Applied to 2010, 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 2011 distributable amount				328,121.
e Remaining amount distributed out of corpus	1,046,550.			
5 Excess distributions carryover applied to 2011 (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:	11,209,964.			
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
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 2010. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	11,209,964.			
10 Analysis of line 9:				
a Excess from 2007	1,447,431.			
b Excess from 2008	7,018,009.			
c Excess from 2009	1,205,026.			
d Excess from 2010	492,948.			
e Excess from 2011	1,046,550.			

N/A

- b** Check box to indicate whether the foundation is a private operating foundation described in section

☐ 4942(i)(3) or ☐ 4942(i)(5)

- [illegible]

1 Information Regarding Foundation Managers:

- b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

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
a Paid during the year				
CENTENNIAL FARM FOUNDATION 88 FAIR DRIVE COSTA MESA, CA 92626	NONE	PUBLIC CHARITY	TO SUPPORT THE AGRICULTURAL EDUCATION PROGRAM	5,000.
EPISCOPAL HOUSING ALLIANCE EPISCOPAL ECONOMIC DEVELOPMENT 45 N. SAN GABRIEL BLVD PASADENA, CA 91107	NONE	PUBLIC CHARITY	ASSIST INDIVIDUALS IN ACQUIRING SKILLS TO OBTAIN EMPLOYMENT	100,000.
HENRY T. NICHOLAS EDUCATIONAL FOUNDATION 412 W. 4TH STREET, 1ST FLOOR SANTA ANA, CA 92701	NONE	PRIVATE OPERATING FOUNDATION	YOUTH EDUCATION PROGRAMS ADVANCING STUDENT ACADEMICS	1,242,171.
SILVERLAKE CONSERVATORY OF MUSIC 3920 SUNSET BLVD. SILVERLAKE, CA 90029	NONE	PUBLIC CHARITY	TO SUPPORT THE SCHOLARSHIP PROGRAMS THAT OFFER FREE MUSIC LESSONS	10,000.
ST. MARGARET'S EPISCOPAL SCHOOL 31641 LA NOVIA AVE. SAN JUAN CAPISTRANO, CA 92675	NONE	PUBLIC CHARITY	SUPPORT THE SCHOOL'S FINANCIAL AID PROGRAM	15,000.
Total				1,372,171.
b Approved for future payment				
NONE				
Total				0.

ATTACHMENT TO FORM 990-PF
PART VII-B, QUESTION 5C ON PAGE 6

EXPENDITURE RESPONSIBILITY REPORT
TO BE ATTACHED TO FORM 990-PF
FOR THE TAXABLE YEAR ENDED 12/31/11

PURSUANT TO IRC REGULATION SECTION 53.4945-5(d)(2), THE HENRY T. NICHOLAS, III FOUNDATION PROVIDES THE FOLLOWING INFORMATION:

GRANTEE: HENRY T. NICHOLAS EDUCATION FOUNDATION, INC.

GRANTEE ADDRESS: 412 W. 4TH STREET, SANTA ANA, CA 92701

DATE OF GRANT(S): SEE BREAKDOWN OF GRANTS ATTACHED

TOTAL AMOUNT OF GRANT(S): SEE BREAKDOWN OF GRANTS ATTACHED

PURPOSE OF THE GRANT: (A) WORK STUDY AWARDS FOR STUDENTS

(B) TO ASSIST STUDENTS DEVELOP THE NECESSARY ACADEMIC SKILLS THAT INCREASE THE QUALITY OF THEIR ACADEMIC PERFORMANCE WITH THE NICHOLAS ACADEMIC CENTER I AND NICHOLAS ACADEMIC CENTER II

AMOUNT SPENT BY GRANTEE: \$1,242,171

PURPOSE OF FUNDS: TO THE KNOWLEDGE OF THE GRANTOR, THE GRANTEE HAS NOT DIVERTED ANY PORTION OF THE FUNDS FROM THE PURPOSE OF THE GRANT

DATE OF ANNUAL REPORT RECEIVED FROM GRANTEE: 1/28/2012

Breakdown of grants to Henry T. Nicholas Education Foundation

Date	NAC I & II	Work Study	Other	Total
2/14/2011	182,356.58			182,356.58
5/2/2011	281,316.00			281,316.00
5/9/2011	17,650.00	92,901.00	43,000.00	153,551.00
8/10/2011	30,000.00			30,000.00
8/24/2011	70,000.00			70,000.00
9/9/2011	106,550.00			106,550.00
10/4/2011	91,001.00			91,001.00
11/1/2011	105,762.00			105,762.00
11/20/2011	121,634.00			121,634.00
12/2/2011	5,000.00	95,000.00		100,000.00
	1,011,269.58	187,901.00	43,000.00	1,242,170.58
	(B)	(A)	(B)	

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

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED		DATE ACQUIRED	DATE SOLD
RCP FUND III, LP	PURCHASED		VARIOUS	VARIOUS
(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS
404.	404.	0.	0.	0.

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED		DATE ACQUIRED	DATE SOLD
RCP FUND III, LP	PURCHASED		VARIOUS	VARIOUS
(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS
2,396.	2,396.	0.	0.	0.

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED		DATE ACQUIRED	DATE SOLD
RCP FUND IV, LP	PURCHASED		VARIOUS	VARIOUS
(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS
-2,875.	-2,875.	0.	0.	0.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED PURCHASED	(F) DATE ACQUIRED VARIOUS	DATE SOLD VARIOUS
RCP FUND IV, LP	14,481.	14,481.	0.		0.	0.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED PURCHASED	(F) DATE ACQUIRED VARIOUS	DATE SOLD VARIOUS
GS MEZZ	5,534.	5,534.	0.		0.	0.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED PURCHASED	(F) DATE ACQUIRED VARIOUS	DATE SOLD VARIOUS
NT# 26-90549 CAPITAL GAIN DISTRIBUTION	37.	0.	0.		0.	37.

CAPITAL GAINS DIVIDENDS FROM PART IV						0.
TOTAL TO FORM 990-PF, PART I, LINE 6A						37.

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

SOURCE	AMOUNT
NORTHERN TRUST MONEY MARKET ACCOUNTS	4,294.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	4,294.

FORM 990-PF	OTHER INCOME	STATEMENT	3
DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
OPERATING INCOME FROM ALTERNATIVE INVESTMENTS	4,494.	2,205.	
TOTAL TO FORM 990-PF, PART I, LINE 11	4,494.	2,205.	

FORM 990-PF	ACCOUNTING FEES			STATEMENT	4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
TAX COMPLIANCE FEES	5,000.	2,500.		2,500.	
TO FORM 990-PF, PG 1, LN 16B	5,000.	2,500.		2,500.	

FORM 990-PF	OTHER PROFESSIONAL FEES		STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISC PROF FEES FROM K-1 (RCP FUND III, LP)	0.	2,122.		0.
MISC PROF FEES FROM K-1 (RCP FUND IV, LP)	0.	8,972.		0.
MISC PROF FEES FROM K-1 (MARATHON INDIA REAL ESTATE FUND, LP)	0.	3,555.		0.
MISC PROF FEES FROM K-1 (GS MEZZ)	0.	3,734.		0.
TO FORM 990-PF, PG 1, LN 16C	0.	18,383.		0.

FORM 990-PF	TAXES			STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
FOREIGN TAXES	0.	1,691.		0.	
TO FORM 990-PF, PG 1, LN 18	0.	1,691.		0.	

FORM 990-PF	OTHER EXPENSES			STATEMENT	7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
INVESTMENT CUSTODY FEES	1,005.	1,005.		0.	
CHARITABLE CONTRIBUTIONS -					
FROM K-1	0.	19.		0.	
TAXES AND LICENSES	10.	0.		0.	
TO FORM 990-PF, PG 1, LN 23	1,015.	1,024.		0.	

FORM 990-PF	OTHER INVESTMENTS		STATEMENT	8
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE	
GS MEZZANINE PARTNERS 2006	FMV	110,235.	110,235.	
RCP FUND III, L.P.	FMV	118,509.	118,509.	
RCP FUND IV, L.P.	FMV	232,414.	232,415.	
MARATHON INDIA REAL ESTATE, L.P.	FMV	97,189.	97,189.	
TOTAL TO FORM 990-PF, PART II, LINE 13		558,347.	558,348.	

FORM 990-PF	GRANT APPLICATION SUBMISSION INFORMATION	STATEMENT	9
	PART XV, LINES 2A THROUGH 2D		

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

HENRY T. NICHOLAS, III FOUNDATION
15 ENTERPRISE, SUITE 550
ALISO VIEJO, CA 92656

TELEPHONE NUMBER

949-448-4480

FORM AND CONTENT OF APPLICATIONS

SEE GRANT APPLICATION ATTACHED

ANY SUBMISSION DEADLINES

NONE

RESTRICTIONS AND LIMITATIONS ON AWARDS

THE HENRY T. NICHOLAS, III FOUNDATION FOCUSES ITS GRANTS IN AREAS OF
EDUCATION, YOUTH SPORTS, TECHNOLOGY, SCIENCE, MEDICAL RESEARCH, VICTIM'S
RIGHTS, AND NATIONAL DEFENSE.

THE
HENRY T. NICHOLAS, III
FOUNDATION

Grant Application Form

The Henry T. Nicholas, III Foundation is a California charitable trust organized and operated exclusively for charitable, scientific or education purposes within the meaning of Internal Revenue Code section IRC § 501(c)(3).

Important Notes for this Application:

1. This form must be completed in its entirety and must accompany the grant proposal. Applications for funding are only considered complete if they include this form, a grant proposal, and a copy of your IRS tax exemption letter and grant supporting documents.
2. Your grant proposal must use the format outlined on page 5. Please only submit proposals that strategically relate to the Henry T. Nicholas, III Foundation's mission.

GRANT REQUEST

Amount Requested: \$ _____

This request is for: ☐ General operating support ☐ Capital

☐ Program/project title _____

Organizational Information:

Organization's Name: _____

Address, city, state & zip code: _____

Organization's URL: _____

Applicant Contact Name & Title: _____

Applicant's Phone: _____ Email _____

Total Organizational Budget for current year \$: _____ Year of
Incorporation _____

Staff Composition in Numbers

Paid Full-time _____ Paid Part-time _____ Volunteer _____

Intern _____ Board of Directors _____ Other _____

Organizational Information *(continued)*

Is your organization exempt under the Section 501(c)(3) of the Internal Revenue Code?

☐ Yes Date of Exemption Ruling: _____ (Include copy of exemption letter)

☐ No *Note: The Foundation cannot fund any organization that is NOT a 501(c)(3)*

Is your organization a public charity by virtue of its being an organization described in Section 509(a) of the Internal Revenue Code?

☐ Yes

- Classification: ☐ IRC § 509(a)(1) ☐ IRC § 509(a)(2) ☐ IRC § 509(a)(3)

- If your organization is an IRC § 509(a)(1) or a IRC § 509(a)(2), will the amount of funds requested in this application adversely affect your organization's status as a publically supported organization? ☐ Yes ☐ No

- Please estimate the percentage of total qualifying public support that your organization has received over its past two fiscal years from:

- Contributions from the general public: _____ %
- Grants from governmental units: _____ %
- Grants from other charities: _____ %
- Receipts from exempt function income _____ %
- Investment income _____ %

☐ No Classification is: _____

Primary service category of organization

- ☐ Arts & Culture ☐ Health & Human Services ☐ Military Services ☐ Education
- ☐ Civic/ economic development ☐ Sports & Recreation ☐ Other: _____

Geographic service areas:

- ☐ Orange County, CA ☐ Los Angeles County, CA ☐ Riverside County, CA
- ☐ Statewide California ☐ Outside California ☐ Nationwide ☐ International

Organizational Information *(continued)*

Summarize the organization’s mission (2-3 sentences):

Funding Request:

Summarize the purpose of your request (1-5 sentences):

List other private and public funding sources for this request.

☐ There are no other funding sources for this request.

<i>Funding Sources – to date</i>	<i>Amount</i>	<i>Date received</i>
----------------------------------	---------------	----------------------

Funding Sources – to date

Amount

Anticipated receipt date

Funding Request (*continued*):

Does this grant qualify for matching funds with another organization?

☐ Yes

☐ No

Time Frame in which the funds will be used: From _____ to _____

Is this a multi-year grant request?

☐ Yes, for _____ years

☐ No

Note: The Foundation will consider multi-year grant requests but will not necessarily award multi-year funding.

Program/project budget \$ _____

Percent request represents: _____%

The information provided in this application and proposal is furnished in consideration of a proposed grant, and it is intended that it may be relied upon by the Henry T. Nicholas, III Foundation as of this date. The Henry T. Nicholas, III Foundation is under no obligation to fund this request at this time. By submitting this request, the applicant and the

organization agree to disclose information about the grant project as reasonably requested from the Foundation, including a possible pre-grant interview or site visit, as the Foundation considers the grant proposal. Due to the requirements of the Foundation for the due diligence process, failure to provide the requested information may result in rejection of the grant proposal. The applicant will notify the Henry T. Nicholas, III Foundation of any material change in the information provided herein.

Signed: _____

(Designated grant applicant)

Name: _____

Date: _____

SEE NEXT PAGE FOR PROPOSAL GUIDELINES. A GRANT PROPOSAL MUST BE SUBMITTED WITH THIS APPLICATION FORM AND A COPY OF YOUR ORGANIZATION'S TAX EXEMPT LETTER.

Grant Proposal Guidelines

Proposal Narrative: Please provide the following information to the Henry T. Nicholas, III Foundation in this order. Do not use more than 4 single-spaced pages, exclusive of attachments. Please staple, do not bind your application.

A. Background

1. Organization's mission, history, overall goals and/or objectives
2. Description of current programs and activities, emphasizing major achievements of the past two years.
3. Description of any past work or relationships with the Henry T. Nicholas III, Foundation.

B. Purpose of Funding Request

1. Description of how the grant request relates to the mission of the Henry T. Nicholas III, Foundation.
2. If applying for a general operating support grant, briefly state how this grant could be used.
3. If applying for a specific project or capital campaign, please provide the following information:
 - The needs or problems that this effort will address and the population that is will be served.
 - Description of how the project addresses the above identified needs.
 - Description of the goals and objectives and timetable for achieving these.
 - If for a program, explain the implementation, methodology and staffing of program.
 - Outline any collaboration with other organizations (include both funding, support and service partners) and include a description of their roles.
 - If for a program, explain if and how it can be supported beyond an initial grant.
 - Additional outcomes and benefits of funding the request, if any (i.e. matching funds or tax credits).
4. Any deadlines or conditions to funding this request.

C. Evaluation

1. Explain how you will measure the effectiveness of your activities.
2. Describe your criteria for success.
3. Describe the results you expect to have achieved by the end of the funding period.

Required Attachments: *Please provide in the following order.*

A. Finances

1. Program budget (with narrative or description, if applicable) with line items, noting where requested funds would be used.
2. If a multi-year grant request, include multi-year program budget.
3. If a capital campaign, provide capital budget and list of campaign committee members.

B. Supporting Materials

1. Grantee Report (if program previously funded from other sources).
2. Latest annual report or summary of organization's prior year's activities.
3. If the requested project is a collaboration with other organizations, include letters of agreement.
4. A timetable outlining project implementation and/or achieving goals of this request.