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

2011

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

For calendar year 2011 or tax year beginning _____, and ending _____

Name of foundation

THE JAMES KERNEY FOUNDATION

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

P. O. BOX 6698

A Employer identification number

22-6055884

City or town, state, and ZIP code

TRENTON, NJ 08648

G Check all that apply:

Initial return Initial return of a former public charity
 Final return Amended return
 Address change Name change

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 J Accounting method: Cash Accrual

(from Part II, col (c), line 16)

► \$ 2,782,377. (Part I, column (d) must be on cash basis.)

B Telephone number

609-737-1905

C If exemption application is pending, check here ► D 1 Foreign organizations, check here ► Foreign organizations meeting the 85% test,
2. 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).)

		(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			N/A	
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	Dividends and interest from securities	102,606.	102,606.	102,606.	STATEMENT 1
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	87,154.			RECEIVED
b	Gross sales price for all assets on line 6a	170,886.			150
7	Capital gain net income (from Part IV, line 2)		87,154.	26	MAY 21 2012
8	Net short-term capital gain				150
9	Income modifications				150
10a	Gross sales less returns and allowances				150
b	Less Cost of goods sold				150
c	Gross profit or (loss)				150
11	Other income				150
12	Total Add lines 1 through 11	189,760.	189,760.	189,760.	150
13	Compensation of officers, directors, trustees, etc	26,000.	7,800.	26,000.	18,200.
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees	2,656.	2,656.	2,656.	0.
b	Accounting fees				
c	Other professional fees	17,581.	17,581.	17,581.	0.
17	Interest				
18	Taxes	3,768.	390.	3,768.	0.
19	Depreciation and depletion				
20	Occupancy				
21	Travel, conferences, and meetings	2,342.	1,171.	2,342.	1,171.
22	Printing and publications				
23	Other expenses	247.	142.	247.	105.
24	Total operating and administrative expenses. Add lines 13 through 23	52,594.	29,740.	52,594.	19,476.
25	Contributions, gifts, grants paid	153,717.		153,717.	
26	Total expenses and disbursements. Add lines 24 and 25	206,311.	29,740.	206,311.	173,193.
27	Subtract line 26 from line 12:	-16,551.			
a	Excess of revenue over expenses and disbursements				
b	Net investment income (if negative, enter -0-)		160,020.	160,020.	
c	Adjusted net income (if negative, enter -0-)			N/A	

Assets	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	
	1 Cash - non-interest-bearing		7,868.	28,617.
	2 Savings and temporary cash investments		35,334.	23,797.
	3 Accounts receivable ►			
	Less: allowance for doubtful accounts ►			
	4 Pledges receivable ►			
	Less: allowance for doubtful accounts ►			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ►			
	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			
	b Investments - corporate stock	STMT 6	805,371.	779,658.
	c Investments - corporate bonds	STMT 7	478,875.	478,875.
	11 Investments - land, buildings, and equipment basis ►			
	Less accumulated depreciation ►			
	12 Investments - mortgage loans			
	13 Investments - other	STMT 8	52,296.	52,296.
	14 Land, buildings, and equipment: basis ►			
	Less accumulated depreciation ►			
	15 Other assets (describe ►)		276.	0.
	16 Total assets (to be completed by all filers)		1,380,020.	1,363,243.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
	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.
Liabilities	Foundations that follow SFAS 117, check here ► <input type="checkbox"/>			
	and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
Net Assets or Fund Balances	Foundations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/>			
	and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds		276,584.	276,584.
	28 Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.
	29 Retained earnings, accumulated income, endowment, or other funds		1,103,436.	1,086,659.
	30 Total net assets or fund balances		1,380,020.	1,363,243.
	31 Total liabilities and net assets/fund balances		1,380,020.	1,363,243.

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,380,020.
2 Enter amount from Part I, line 27a	2	-16,551.
3 Other increases not included in line 2 (itemize) ► <u>ERROR ON BANK ACCOUNT</u>	3	50.
4 Add lines 1, 2, and 3	4	1,363,519.
5 Decreases not included in line 2 (itemize) ► <u>OTHER ASSETS REMOVED FROM ACCOUNT</u>	5	276.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,363,243.

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.)
a 200 CHEVRON CORP			P	01/02/96	11/01/11
b 200 COLGATE PALMOLIVE CO			P	11/26/07	11/01/11
c 3500 JOHN HANCOCK BANK & THRIFT OPP FD			P	04/21/10	07/20/11
d 1200 JOHNSON & JOHNSON			P	01/02/96	11/01/11
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 20,628.		2,273.	18,355.		
b 17,857.		15,902.	1,955.		
c 56,104.		62,020.	-5,916.		
d 76,297.		3,537.	72,760.		
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any			
a			18,355.		
b			1,955.		
c			-5,916.		
d			72,760.		
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	87,154.	
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	96,093.	2,585,030.	.037173
2009	106,278.	2,431,300.	.043712
2008	169,260.	3,003,692.	.056351
2007	182,167.	3,403,312.	.053526
2006	212,156.	3,293,156.	.064423

2 Total of line 1, column (d)

2 .255185

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 .051037

4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5

4 2,951,014.

5 Multiply line 4 by line 3

5 150,611.

6 Enter 1% of net investment income (1% of Part I, line 27b)

6 1,600.

7 Add lines 5 and 6

7 152,211.

8 Enter qualifying distributions from Part XII, line 4

8 173,193.

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.	(attach copy of letter if necessary-see instructions)	1,600.
1	Date of ruling or determination letter: _____		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	0.	
3	Add lines 1 and 2	1,600.	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	0.	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	1,600.	
6	Credits/Payments:		
a	2011 estimated tax payments and 2010 overpayment credited to 2011	2,480.	
b	Exempt foreign organizations - tax withheld at source		
c	Tax paid with application for extension of time to file (Form 8868)		
d	Backup withholding erroneously withheld		
7	Total credits and payments. Add lines 6a through 6d	2,480.	
8	Enter any penalty for underpayment of estimated tax. Check here <input 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	880.	
11	Enter the amount of line 10 to be: Credited to 2012 estimated tax ► 880. Refunded ► 0.		

Part VII-A Statements Regarding Activities

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?	Yes	No
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>	X	
1c	Did the foundation file Form 1120-POL for this year?	X	
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ► \$ 0. (2) On foundation managers. ► \$ 0.		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ 0.		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>	X	
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>	X	
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	N/A	
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? <i>If "Yes," attach the statement required by General Instruction T</i>		
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?		
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>		
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ► <u>NJ</u>		
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>		
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)? <i>If "Yes," complete Part XIV</i>		
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		

Part VII-A Statements Regarding Activities (continued)

11	<input checked="" type="checkbox"/>	X
12	<input checked="" type="checkbox"/>	X
13	<input checked="" type="checkbox"/>	X
Website address ► N/A		
14	The books are in care of ► T. LINCOLN KERNEY, II	Telephone no. ► (802) 295-9835
	Located at ► P.O. BOX 6698, TRENTON, NJ	ZIP+4 ► 08648-0698
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	
16	<input checked="" type="checkbox"/> 15	N/A
16	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> 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 ►		

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

	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"/> X 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"/> X No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X 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"/> X 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"/> X 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	N/A	
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1b	
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X No
If "Yes," list the years ► _____, _____, _____, _____, _____		
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. ► _____, _____, _____, _____, _____	2b	
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"/> X 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?	3b	
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?	4a	<input checked="" type="checkbox"/> X
	4b	

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))?
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
- (3) Provide a grant to an individual for travel, study, or other similar purposes?
- (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)?
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

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

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?

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?

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

If "Yes" to 6b, file Form 8870.

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

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

 Yes No Yes No Yes No Yes No

N/A

5b

N/A

 Yes No Yes No

6b

X

 Yes No

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
SEE STATEMENT 9		26,000.	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		
3	All other program-related investments. See instructions.	
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	2,934,884.
b Average of monthly cash balances	1b	61,069.
c Fair market value of all other assets	1c	
d Total (add lines 1a, b, and c)	1d	2,995,953.
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	2,995,953.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	44,939.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,951,014.
6 Minimum investment return. Enter 5% of line 5	6	147,551.

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	147,551.
2a Tax on investment income for 2011 from Part VI, line 5	2a	1,600.
b Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	1,600.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	145,951.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	145,951.
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	145,951.

Part XII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:	1a	173,193.
a Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1b	0.
b Program-related investments - total from Part IX-B	2	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	3a	
3 Amounts set aside for specific charitable projects that satisfy the:	3b	
a Suitability test (prior IRS approval required)	4	173,193.
b Cash distribution test (attach the required schedule)	5	1,600.
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	6	171,593.
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		
6 Adjusted qualifying distributions. Subtract line 5 from line 4		

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				145,951.
2 Undistributed income, if any, as of the end of 2011			0.	
a Enter amount for 2010 only				
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006	48,839.			
b From 2007	15,230.			
c From 2008	20,919.			
d From 2009				
e From 2010				
f Total of lines 3a through e	84,988.			
4 Qualifying distributions for 2011 from Part XII, line 4: ► \$ 173,193.			0.	
a Applied to 2010, but not more than line 2a				
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			145,951.	
e Remaining amount distributed out of corpus	27,242.			
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:	112,230.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5		0.		
b Prior years' undistributed income. Subtract line 4b from line 2b				
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	48,839.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	63,391.			
10 Analysis of line 9:				
a Excess from 2007	15,230.			
b Excess from 2008	20,919.			
c Excess from 2009				
d Excess from 2010				
e Excess from 2011	27,242.			

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 2011, enter the date of the ruling ►

4942(j)(3) or 4942(j)(5)

2 a	Tax year (a) 2011	Prior 3 years			(e) Total
		(b) 2010	(c) 2009	(d) 2008	
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)(ii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see instructions.)**1 Information Regarding Foundation Managers:**

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

NONE

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

NONE**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

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

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

SEE STATEMENT 10

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	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)				
<i>a Paid during the year</i>				
SEE ATTACHED LIST	NONE			153,717.
Total				► 3a 153,717.
<i>b Approved for future payment</i>				
NONE				
Total				► 3b 0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities				14	102,606.
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory				18	87,154.
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		189,760.	0.
13 Total. Add line 12, columns (b), (d), and (e)				13	189,760.
(See worksheet in line 13 instructions to verify calculations.)					

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting foundation to a noncharitable exempt organization of:

- (1) Cash
- (2) Other assets

b Other transactions

- (1) Sales of assets to a noncharitable exempt organization
- (2) Purchases of assets from a noncharitable exempt organization
- (3) Rental of facilities, equipment, or other assets
- (4) Reimbursement arrangements
- (5) Loans or loan guarantees
- (6) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

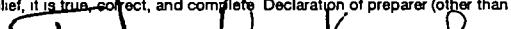
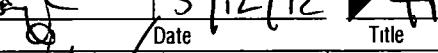
d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

<p>Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge</p> <p>Sign Here  5/12/12 </p> <p>Signature of officer or trustee</p>		<p>May the IRS discuss this return with the preparer shown below (see instr.)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>			
<p>Paid Preparer Use Only</p>	<p>Print/Type preparer's name</p> <p>CHARLES H. WAMPOLD, III</p>	<p>Preparer's signature</p> <p></p>	<p>Date</p> <p>9 May 2012</p>	<p>Check <input type="checkbox"/> if self-employed</p>	<p>PTIN</p> <p>P00846125</p>
	<p>Firm's name ► DRINKER BIDDLE & REATH LLP</p>	<p>Firm's EIN ► 23-1423089</p>			
	<p>Firm's address ► 105 COLLEGE ROAD EAST PRINCETON, NJ 08542-0627</p>	<p>Phone no. (609) 716-6500</p>			

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	1
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SOURCE	GROSS AMOUNT	CAPITAL GAINS	COLUMN (A)
		DIVIDENDS	AMOUNT
RBC	102,606.	0.	102,606.
TOTAL TO FM 990-PF, PART I, LN 4	102,606.	0.	102,606.

FORM 990-PF	LEGAL FEES	STATEMENT	2
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	2,656.	2,656.		0.
TO FM 990-PF, PG 1, LN 16A	2,656.	2,656.		0.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	3
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT ADVISORY FEES	17,581.	17,581.		0.
TO FORM 990-PF, PG 1, LN 16C	17,581.	17,581.		0.

FORM 990-PF	TAXES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL TAXES	4,189.	0.		0.
FOREIGN TAX	390.	390.		0.
REFUND	-811.	0.		0.
TO FORM 990-PF, PG 1, LN 18	3,768.	390.		0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	5	
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OFFICE	176.	88.		88.
PROCESSING FEES	37.	37.		0.
LEGAL ADVERTISING	34.	17.		17.
TO FORM 990-PF, PG 1, LN 23	247.	142.		105.

FORM 990-PF	CORPORATE STOCK	STATEMENT	6
DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE	
SEE ATTACHED SCHEDULE	779,658.	2,108,191.	
TOTAL TO FORM 990-PF, PART II, LINE 10B	779,658.	2,108,191.	

FORM 990-PF	CORPORATE BONDS	STATEMENT	7
DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE	
SEE ATTACHED SCHEDULE	478,875.	465,875.	
TOTAL TO FORM 990-PF, PART II, LINE 10C	478,875.	465,875.	

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	8
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED SCHEDULE	COST	52,296.	155,897.
TOTAL TO FORM 990-PF, PART II, LINE 13		52,296.	155,897.

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 9

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
JOSEPH R. COMLY, III ONE BLUE SPRUCE PENNINGTON, NJ 08534	TRUSTEE 1.00	4,000.	0.	0.
J. REGAN KERNEY 2 EDGEWOOD AVENUE LAWRENCEVILLE, NJ 08648	TRUSTEE 1.00	4,000.	0.	0.
T. LINCOLN KERNEY, II P.O. BOX 981 QUECHEE, VT 05059	TREASURER 1.00	4,000.	0.	0.
SHEILA MCNEIL WELCH P.O. BOX 1359 PINEHURST, NC 28370	SECRETARY 1.00	4,000.	0.	0.
JOHN E. KERNEY JR 1105 NEW JERSEY AVE CAPE MAY, NJ 08204	VICE PRESIDENT 1.00	4,000.	0.	0.
JUDITH M. PERSICHILLI 14 CAMPUS BLVD NEWTOWN SQUARE, PA 19073	PRESIDENT 1.00	4,000.	0.	0.
EDWARD F. MEARA III 5 HIGH ACRES ROAD EWING, NJ 08628	TRUSTEE 1.00	2,000.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		26,000.	0.	0.

FORM 990-PF

GRANT APPLICATION SUBMISSION INFORMATION
PART XV, LINES 2A THROUGH 2D

STATEMENT 10

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

THE JAMES KERNEY FOUNDATION, C/O LINCOLN KERNEY
P.O. BOX 6698
LAWRENCEVILLE, NJ 08648

TELEPHONE NUMBER

FORM AND CONTENT OF APPLICATIONS

THE APPLICATION SHOULD STATE THE NAME OF THE ORGANIZATION, ITS EXEMPT STATUS, AND THE SPECIFIC PURPOSE FOR WHICH THE GRANT FUNDS ARE TO BE USED. GRANTS ARE AWARDED ON AN ONGOING BASIS.

ANY SUBMISSION DEADLINES

SEE ABOVE.

RESTRICTIONS AND LIMITATIONS ON AWARDS

SEE ABOVE.

Gifford Youth Activity Center 4875 43 rd Ave Vero Beach, FL 32967-6327	\$ 100.00
Diocese of Palm Beach 9995 N. Military Trail Palm Beach Gardens, FL 33410	\$ 200.00
Indian River Habitat for Humanity 4568 US 1 Vero Beach, FL 32967-1563	\$ 200.00
The Island School P.O. Box 1090 Boca Grande, FL 33921	\$ 250.00
GICIA P.O. Box 446 Boca Grande, FL 33921	\$ 175.00
Friends of the Boca Grande Community Center P.O. Box 1222 Boca Grande, FL 33921	\$ 180.00
The Lawrenceville School P.O. Box 6008 Lawrenceville, NJ 08648	\$1,000.00
Lemon Bay Conservancy 2980 Placida Rd., Suite 201 Englewood, FL 34224	\$ 150.00
Vermont Symphony Orchestra 2 Church Street, Suite 3B Burlington, VT 05401	\$ 75.00
Middlebury College Middlebury, VT	\$ 500.00
Stuart Country Day School 1200 Stuart Rd. Princeton, NJ 08540	\$ 500.00
Portsmouth Abbey School Portsmouth, RI 02871	\$ 400.00

Cape May Stage 31 Perry Street Cape May, NJ 08204	\$1,000.00
Classicopia 33 Rayton Road Hanover, NH 03755	\$ 800.00
First Health Foundation P.O. Box 3000 Pinehurst, NC 28374	\$2,500.00
Boys & Girls Club of Trenton/ Mercer County 212 Centre Street Trenton, NJ 08611	\$30,000.00
Fernbrook Farm Education Center P.O. Box 228 Bordentown, NJ 08505	\$30,125.00
Homefront 1880 Princeton, Ave. Lawrenceville, NJ 08648	\$28,912.00
Meals on Wheels of Trenton/ Ewing 180 Ewingville Road Ewing, NJ 08638	\$ 500.00
Our Lady of Mercy P.O. Box 181 Boca Grande, FL 33921	\$ 150.00
Trenton Area YWCA 431 Pennington Ave. Trenton, NJ 08618	\$6,000.00
Womanspace 1530 Brunswick Ave. Lawrenceville, NJ 08648	<u>\$50,000.00</u>
	<u>\$153,717.00</u>