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

2011

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 2011, or tax year beginning , 2011, and ending ,

KNU FOUNDATION
5450 TRABUCO ROAD
IRVINE, CA 92620

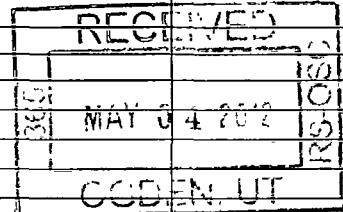
- A** Employer identification number
33-0204705
- B** Telephone number (see the instructions)
970-922-0533
- C** If exemption application is pending, check here
- D** 1 Foreign organizations, check here
2 Foreign organizations meeting the 85% test, check here and attach computation
- E** If private foundation 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

- G** Check all that apply
- | | |
|---|--|
| <input type="checkbox"/> Initial return | <input type="checkbox"/> Initial Return of a former public charity |
| <input type="checkbox"/> Final return | <input type="checkbox"/> Amended return |
| <input type="checkbox"/> Address change | <input type="checkbox"/> Name change |

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

- I** Fair market value of all assets at end of year (from Part II, column (c), line 16)
\$ 4,210,196.
- J** Accounting method: Cash Accrual
 Other (specify) _____
(Part I, column (d) must be on cash basis)

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
REVENUE	1 Contributions, gifts, grants, etc, received (att sch)				
	2 Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	4,696.	4,696.		
	4 Dividends and interest from securities	65,026.	65,026.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	198,324.			
	b Gross sales price for all assets on line 6a	731,721.			
	7 Capital gain net income (from Part IV, line 2)		198,324.		
	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)					
12 Total. Add lines 1 through 11	268,046.	268,046.	0.		
ADMINISTRATIVE EXPENSES	13 Compensation of officers, directors, trustees, etc	0.			
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach sch) SEE ST 1	2,400.			2,400.
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule)(see instrs) SEE STM 2	10.			10.
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) SEE STATEMENT 3	25,447.	24,021.		1,426.
	24 Total operating and administrative expenses. Add lines 13 through 23	27,857.	24,021.		3,836.
	25 Contributions, gifts, grants paid PART XV	256,500.			256,500.
26 Total expenses and disbursements. Add lines 24 and 25	284,357.	24,021.	0.	260,336.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-16,311.				
b Net investment income (if negative, enter -0-)		244,025.			
c Adjusted net income (if negative, enter -0-)			0.		



SCANNED MAY 07 2012
ADMINISTRATIVE EXPENSES

Handwritten initials/signature

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	209,472.	6,219.	6,219.
	2	Savings and temporary cash investments	490,889.	796,228.	796,228.
	3	Accounts receivable			
		Less: allowance for doubtful accounts			
	4	Pledges receivable			
		Less: allowance for doubtful accounts			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see 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)	103,406.		
	b	Investments – corporate stock (attach schedule) STATEMENT 4	2,084,357.	2,269,366.	3,407,749.
	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)	200,000.			
14	Land, buildings, and equipment: basis				
	Less accumulated depreciation (attach schedule)				
15	Other assets (describe)				
16	Total assets (to be completed by all filers – see the instructions. Also, see page 1, item I)	3,088,124.	3,071,813.	4,210,196.	
LIABILITIES	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe)			
	23	Total liabilities (add lines 17 through 22)	0.	0.	
NET ASSETS OR FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.				
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	3,088,124.	3,071,813.	
30	Total net assets or fund balances (see instructions)	3,088,124.	3,071,813.		
31	Total liabilities and net assets/fund balances (see instructions)	3,088,124.	3,071,813.		

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year– Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,088,124.
2	Enter amount from Part I, line 27a	2	-16,311.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	3,071,813.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)– Part II, column (b), line 30	6	3,071,813.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a SEE STATEMENT 5			
b			
c			
d			
e			

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

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

2 Capital gain net income or (net capital loss). If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	198,324.
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 instructions). If (loss), enter -0- in Part I, line 8 	3	0.

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

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

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))
2010	245,100.	4,126,637.	0.059395
2009	233,615.	3,959,894.	0.058995
2008	299,121.	5,085,034.	0.058824
2007	370,699.	6,245,597.	0.059354
2006	310,560.	5,408,870.	0.057417

2 Total of line 1, column (d)	2	0.293985
3 Average distribution ratio for the 5-year base period— divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.058797
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	4,289,697.
5 Multiply line 4 by line 3	5	252,221.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,440.
7 Add lines 5 and 6	7	254,661.
8 Enter qualifying distributions from Part XII, line 4	8	260,336.

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)

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 instrs)			
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		1	2,440.
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	2,440.
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	2,440.
6 Credits/Payments:			
a 2011 estimated tax pmts and 2010 overpayment credited to 2011	6 a	2,947.	
b Exempt foreign organizations— tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 8868)	6 c		
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments Add lines 6a through 6d	7	2,947.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		507.
11 Enter the amount of line 10 to be Credited to 2012 estimated tax	11	507.	Refunded

Part VII-A Statements Regarding Activities

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

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)			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)			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	X		
14	The books are in care of ▶ <u>WERTZ & COMPANY</u> Telephone no ▶ <u>949-756-5000</u> Located at ▶ <u>5450 TRABUCO ROAD IRVINE CA</u> ZIP + 4 ▶ <u>92620</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year ▶ 15	N/A		N/A
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 ▶		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 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 instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1b	N/A
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 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"/> No If 'Yes,' list the years ▶ 20__ , 20__ , 20__ , 20__		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement- see instructions.)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20__ , 20__ , 20__ , 20__ .		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If 'Yes,' did it have excess business holdings in 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)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b	X

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

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

5b N/A

6b X

7b

- 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? Yes No
- If 'Yes,' attach the statement required by Regulations section 53.4945-5(d) N/A

- 6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
- If 'Yes' to 6b, file Form 8870

- 7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No
- b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No

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

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

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

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

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

Total number of other employees paid over \$50,000 0

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

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

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

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

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	

Total. Add lines 1 through 3 ▶ 0.

BAA

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes.		
a	Average monthly fair market value of securities	1a	3,615,922.
b	Average of monthly cash balances	1b	739,100.
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	4,355,022.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	4,355,022.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	65,325.
5	Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,289,697.
6	Minimum investment return Enter 5% of line 5	6	214,485.

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	214,485.
2a	Tax on investment income for 2011 from Part VI, line 5	2a	2,440.
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,440.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	212,045.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	212,045.
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	212,045.

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	260,336.
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	260,336.
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	2,440.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	257,896.

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				212,045.
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only			0.	
b Total for prior years 20 __, 20 __, 20 __		0.		
3 Excess distributions carryover, if any, to 2011				
a From 2006	56,066.			
b From 2007	70,245.			
c From 2008	48,897.			
d From 2009	36,784.			
e From 2010	39,682.			
f Total of lines 3a through e	251,674.			
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ \$ 260,336.				
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				212,045.
e Remaining amount distributed out of corpus	48,291.			
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:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	299,965.			
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 instructions			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) (see instructions)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)	56,066.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	243,899.			
10 Analysis of line 9				
a Excess from 2007	70,245.			
b Excess from 2008	48,897.			
c Excess from 2009	36,784.			
d Excess from 2010	39,682.			
e Excess from 2011	48,291.			

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 ▶

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				(e) Total
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed.					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a 'Assets' alternative test – enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c 'Support' alternative test – enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 Information Regarding Foundation Managers:
a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2))
SEE STATEMENT 6

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

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

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

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE STATEMENT 7				
Total			▶ 3a	256,500.
b Approved for future payment				
Total			▶ 3b	

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

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

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

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FTB	\$ 10.			\$ 10.
TOTAL	\$ 10.	\$ 0.	\$ 0.	\$ 10.

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

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK CHARGES	\$ 6.			\$ 6.
DUES AND SUBSCRIPTIONS	695.			695.
INSURANCE	725.			725.
INVESTMENT MANAGEMENT FEES	24,021.	\$ 24,021.		
TOTAL	\$ 25,447.	\$ 24,021.	\$ 0.	\$ 1,426.

STATEMENT 4
FORM 990-PF, PART II, LINE 10B
INVESTMENTS - CORPORATE STOCKS

CORPORATE STOCKS	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
3500 EXXON MOBIL CORP	MKT VAL	\$ 29,001.	\$ 296,660.
5,300 ENERGIZER	MKT VAL	276.	410,644.
10000 NUVEEN MULTI-STRATEGY INCOME	MKT VAL	0.	0.
3700 AT&T INC.	MKT VAL	88,390.	111,888.
1500 CHEVRON CORP.	MKT VAL	90,486.	159,600.
1400 JOHNSON & JOHNSON	MKT VAL	85,865.	91,812.
2100 NIKE INC. B	MKT VAL	92,553.	202,377.
7100 ORACLE CORP.	MKT VAL	88,313.	182,115.
2300 UNITEDHEALTH GP INC	MKT VAL	114,623.	116,564.
600 GOLDMAN SACHS GRP, INC.	MKT VAL	89,561.	54,258.
1100 INTL. BUSINESS MACHINES CORP	MKT VAL	102,344.	202,268.
2000 JP MORGAN CHASE	MKT VAL	91,583.	66,500.

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STATEMENT 4 (CONTINUED)
FORM 990-PF, PART II, LINE 10B
INVESTMENTS - CORPORATE STOCKS

CORPORATE STOCKS	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
2300 ACCENTURE LTD	MKT VAL	\$ 88,159.	\$ 122,429.
1900 EMERSON ELECTRIC	MKT VAL	85,259.	88,521.
3100 GENERAL ELECTRIC CO	MKT VAL	92,568.	55,521.
1000 BERKSHIRE HATHAWAY	MKT VAL	65,875.	76,300.
2100 HEWLETT PACKARD	MKT VAL	72,476.	54,096.
2700 INTUIT INC	MKT VAL	76,431.	141,993.
2300 MEDTRONICS	MKT VAL	77,324.	87,975.
1800 STRYKER CORP	MKT VAL	78,555.	89,478.
1800 ABBOTT LABS INC	MKT VAL	87,159.	101,214.
3700 CISCO SYSTEMS INC	MKT VAL	89,007.	66,896.
4500 INTEL CORP	MKT VAL	83,725.	109,125.
2400 MERCK & CO	MKT VAL	84,815.	90,480.
900 TRANSOCEAN LTD	MKT VAL	0.	0.
1300 CATEPILLAR INC	MKT VAL	110,284.	117,780.
1,600 PEPSICO INC	MKT VAL	105,681.	106,160.
3,500 SYSCO CORP	MKT VAL	96,945.	102,655.
2,000 TARGET CORP	MKT VAL	102,108.	102,440.
	TOTAL	\$ 2,269,366.	\$ 3,407,749.

STATEMENT 5
FORM 990-PF, PART IV, LINE 1
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

ITEM	(A) DESCRIPTION	(B) HOW ACQUIRED	(C) DATE ACQUIRED	(D) DATE SOLD	(E) GROSS SALES	(F) DEPREC. ALLOWED	(G) COST BASIS	(H) GAIN (LOSS)	(I) FMV 12/31/69	(J) ADJ. BAS. 12/31/69	(K) EXCESS (I) - (J)	(L) GAIN (LOSS)
1	200,000 COMPASS BANK CD	PURCHASED	6/19/2009	6/24/2011	200,000.		200,000.	0.				\$ 0.
2	1,400 ENERGIZER HOLDINGS INC.	PURCHASED	8/12/1957	9/02/2011	101,384.		73.	101,311.				101,311.
3	1,500 ENERGIZER HOLDINGS INC.	PURCHASED	8/12/1957	10/18/2011	107,647.		78.	107,569.				107,569.
4	1,500 ENERGIZER HOLDINGS INC.	PURCHASED	8/12/1957	11/16/2011	104,110.		78.	104,032.				104,032.
5	100,000 FHLB 4.875% 3-11-11	PURCHASED	6/17/2008	3/11/2011	100,000.		103,406.	-3,406.				-3,406.
6	10,000 NUVEEN MULTI-STGRATEGY INC	PURCHASED	1/06/2004	12/08/2011	78,136.		151,666.	-73,530.				-73,530.
7	900 TRANSOCEAN LTD	PURCHASED	3/09/2010	12/08/2011	38,476.		78,096.	-39,620.				-39,620.
8	COMPUTER ASSOC SECURITIES LITG STLMNT	PURCHASED	VARIOUS	4/25/2011	1,876.		0.	1,876.				1,876.
9	MISC SECURITIES LITG SETTLEMENT	PURCHASED	VARIOUS	9/22/2011	86.		0.	86.				86.
10	CAPITAL GAIN DISTRIBUTIONS	PURCHASED	VARIOUS	12/31/2011	6.		0.	6.				6.
												TOTAL \$ 198,324.

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STATEMENT 6
FORM 990-PF, PART XV, LINE 1A
FOUNDATION MANAGERS - 2% OR MORE CONTRIBUTORS

GERALD KEHLE
JACQUELINE KEHLE

STATEMENT 7
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

<u>NAME AND ADDRESS</u>	<u>DONEE RELATIONSHIP</u>	<u>FOUND- ATION STATUS</u>	<u>PURPOSE OF GRANT</u>	<u>AMOUNT</u>
ASSISTANCE LEAGUE SAN PEDRO 1441 WEST 8TH ST SAN PEDRO, CA 90732			DENTAL CENTER FOR UNDERPRIVILEGED CHILDREN	\$ 60,000.
BOYS AND GIRLS CLUB SAN PEDRO 1200 S. CABRILLO AVE. SAN PEDRO, CA 90731			TO SUPPORT YOUTH CLUBS AND ACTIVITIES.	15,000.
J. F. SHEA THERAPEUTIC RIDING 26284 OSO ROAD SAN JUAN CAPISTRANO, CA 92675			THERAPEUTIC RIDING FOR PEOPLE WITH DISABILITIES	15,000.
RICHSTONE FAMILY CENTER 13620 CORDIARY AVE. HAWTHORNE, CA 90250			AFTER SCHOOL PROGRAMS FOR AT-RISK CHILDREN.	10,000.
PLANNED PARENTHOOD 1920 MARENGO ST. LOS ANGELES, CA 90033			TO SUPPORT HEALTHY FAMILIES.	10,000.
CENTER THEATRE GROUP 601 WEST TEMPLE ST. LOS ANGELES, CA 90012			THEATER FOR UNDERPRIVILEGED CHILDREN	20,000.
ASSOC. OF SMALL FOUNDATIONS 4905 DEL RAY AVE. BETHESDA, MD 20814			TO PROVIDE EDUCATIONAL TOOLS AND SERVICE TO SMALL FOUNDATIONS	500.
CHALLENGE ASPEN POST OFFICE BOX M ASPEN, CO 81612			PROVIDES SKI INSTRUCTION FOR PEOPLE WITH DISABILITIES	20,000.

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STATEMENT 7 (CONTINUED)
 FORM 990-PF, PART XV, LINE 3A
 RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
BEAR VALLEY COMMUNITY HEALTHCA 41870 GARSTIN DR. BIG BEAR LAKE, CA 92315			PROVIDES MEDICAL SERVICES TO THE LOCAL COMMUNITY	\$ 18,000.
PLANNED PARENTHOOD OF THE ROCKY MOUNTAIN 950 BROADWAY DENVER, CO 80203			SUPPORT MISSION OF IMPROVING THE QUALITY OF LIFE BY ENABLING ALL PEOPLE TO EXERCISE INDIVIDUAL CHOICE IN THEIR OWN REPRODUCTIVE HEALTH.	10,000.
WINDWALKERS 3059 CR103, UNIT 3 CABONDALE, CO 81623			RIDING PROGRAM FOR THE HANDICAPPED	40,000.
ASPEN YOUTH CENTER P.O. BOX 8266 ASPEN, CO 81612			AFTER SCHOOL PROGRAM FOR PARENTS WHO ARE WORKING; HELP WITH HOMEWORK; KEEPING KIDS OFF THE STREET	20,000.
OPERATION JUMP START 3515 LINDEN AVE LONG BEACH, CA 90807			MENTORING YOUTH AGES 12-18 WITH SCHOOL WORK AND PROGRAMS TO ENABLE STUDENTS TO GRADUATE FROM HIGH SCHOOL AND GO ON TO COLLEGE	10,000.

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STATEMENT 7 (CONTINUED)
 FORM 990-PF, PART XV, LINE 3A
 RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
BOYS HOPE GIRLS HOPE OF COLORADO 7060 E. HAMPDEN AVENUE STE 203 DENVER, CO 80224			TO PROVIDE YOUTHS WITH LONG-TERM CARE WITHIN NON-INSTITUTIONA L HOMES WITH LIVE-IN RESIDENTIAL COUNSELORS WHO CHALLENGE YOUTH RESIDENTS TO LIVE UP TO THEIR POTENTIAL WHILE DEVELOPING STRONG SPIRITUAL & MORAL FOUNDATION	\$ 5,000.
HOUSE RESEARCH INSTITUTE 2100 W. 3RD STREET LOS ANGELES , CA 90057			TO IMPROVE THE QUALITY OF LIFE FOR PEOPLE WITH HEARING LOSS THROUGH SCIENTIFIC RESEARCH AND PATIENT CARE	3,000.
TOTAL \$				<u>256,500.</u>