Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0052

2011

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

ERNEST E. PESTANA
CHARITABLE FOUNDATION, INC.
360 KIELY BOULEVARD #240
SAN JOSE, CA 95129

A Employer identification number 77-0891712

B Telephone number (see the instructions) 408-241-3300

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. ☐ 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 foundation

I Fair market value of all assets at end of year *(from Part II, column (c), line 16)* ► $ 1,013,768.

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)	180,000.			
	2 Ck ► ☐ if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	1,925.	1,925.	1,925.	
	4 Dividends and interest from securities				
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit/(loss) (att sch)				
	11 Other income (attach schedule)				
	12 **Total.** Add lines 1 through 11	181,925.	1,925.	1,925.	
OPERATING AND 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)				
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule)(see instrs)				
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) See Statement 1	520.	460.		
	24 **Total operating and administrative expenses.** Add lines 13 through 23	520.	460.		
	25 Contributions, gifts, grants paid Part XV	38,800.			38,800.
	26 **Total expenses and disbursements.** Add lines 24 and 25	39,320.	460.	0.	38,800.
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	142,605.			
	b **Net investment income** (if negative, enter -0-)		1,465.		
	c **Adjusted net income** (if negative, enter -0-)			1,925.	

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Part II Balance Sheets

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

	Line	Description	Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
ASSETS	1	Cash – non-interest-bearing			
	2	Savings and temporary cash investments	870,190.	55,962.	55,962.
	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) Statement 2		474,927.	475,562.
	b	Investments – corporate stock (attach schedule)			
	c	Investments – corporate bonds (attach schedule) Statement 3		481,906.	482,244.
	11	Investments – land, buildings, and equipment basis ►			
		Less: accumulated depreciation (attach schedule) ►			
	12	Investments – mortgage loans			
	13	Investments – other (attach schedule)			
	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)	870,190.	1,012,795.	1,013,768.
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 ► [X] and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted	870,190.	1,012,795.	
	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			
	30	**Total net assets or fund balances** (see instructions)	870,190.	1,012,795.	
	31	**Total liabilities and net assets/fund balances** (see instructions)	870,190.	1,012,795.	

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	870,190.
2	Enter amount from Part I, line 27a	2	142,605.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	1,012,795.
5	Decreases not included in line 2 (itemize) ►	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	1,012,795.

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	N/A			
b				
c				
d				
e				

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

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

	(i) 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	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				
b				
c				
d				
e				

2	Capital gain net income or (net capital loss). If gain, also enter in Part I, line 7. If (loss), enter -0- in Part I, line 7	2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6). If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8	3	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2010	34,448.	737,063.	0.046737
2009	26,495.	695,028.	0.038121
2008	16,500.	521,858.	0.031618
2007	8,000.	346,870.	0.023063
2006	13,986.	236,529.	0.059130

2	**Total** of line 1, column (d)	2	0.198669
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	0.039734
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	946,451.
5	Multiply line 4 by line 3	5	37,606.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	15.
7	Add lines 5 and 6	7	37,621.
8	Enter qualifying distributions from Part XII, line 4	8	38,800.

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 ► ☐ 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 ► ☒ and enter 1% of Part I, line 27b		1	15.
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	15.
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	15.
6 Credits/Payments			
a 2011 estimated tax pmts and 2010 overpayment credited to 2011	6a 106.		
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments Add lines 6a through 6d		7	106.
8 Enter any **penalty** for underpayment of estimated tax. Check here ☐ 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	91.
11 Enter the amount of line 10 to be: **Credited to 2012 estimated tax** ►	91. **Refunded** ►	11	0.

Part VII-A Statements Regarding Activities

		Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1b		X
If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities			
c Did the foundation file **Form 1120-POL** for this year?	1c		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? *If 'Yes,' attach a detailed description of the activities*	2		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*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If 'Yes,' has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If 'Yes,' attach the statement required by General Instruction T*	5		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?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If 'Yes,' complete Part II, column (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ► 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*	8b	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*	9		X
10 Did any persons become substantial contributors during the tax year? *If 'Yes,' attach a schedule listing their names and addresses*	10		X

Part VII-A Statements Regarding Activities *(continued)*

		Line	Yes	No
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	

Website address ► N/A

14 The books are in care of ► MICHAEL J. KELLY, JR. CPA, CFP Telephone no ► 408-241-3300

Located at ► 360 KIELY BOULEVARD, SUITE 240 SAN JOSE CA ZIP + 4 ► 95129

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** – Check here N/A ► ☐

and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A

		Line	Yes	No
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?	16		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22 1 If 'Yes,' enter the name of the foreign country ►			

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

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

			Line	Yes	No
1 a	During the year did the foundation (either directly or indirectly):				
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ 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)?	☐ Yes ☒ 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)	☐ Yes ☒ 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)?		1b	N/A	
	Organizations relying on a current notice regarding disaster assistance check here	► ☐			
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? If 'Yes,' list the years ► 20__ , 20__ , 20__ , 20__	☐ Yes ☒ 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)		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__				
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ 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	
4 a	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

b If any answer is 'Yes' to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see instructions)? **5b** N/A

Organizations relying on a current notice regarding disaster assistance check here ► ☐

c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ 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 (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
IRENE A. PESTANA 1431 ATTEBERRY LANE SAN JOSE, CA 95131	President 0	0.	0.	0.
MICHAEL J. KELLY, JR., CPA,CFP 360 KIELY BOULEVARD, SUITE 240 SAN JOSE, CA 95129	Vice Preside 0	0.	0.	0.
LINDA PESTANA 1505 GOLDEN HILLS ROAD COLORADO SPRINGS, CO 80919	Vice Preside 0	0.	0.	0.
CAROLYN GUIDO 1643 TOWNCLUB DRIVE SAN JOSE, CA 95124	Vice Preside 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.

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	78,940.
b Average of monthly cash balances		1b	881,924.
c Fair market value of all other assets (see instructions)		1c	
d Total (add lines 1a, b, and c)		1d	960,864.
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	960,864.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)		4	14,413.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4		5	946,451.
6 Minimum investment return. Enter 5% of line 5		6	47,323.

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	47,323.
2a Tax on investment income for 2011 from Part VI, line 5	2a 15.		
b Income tax for 2011 (This does not include the tax from Part VI)	2b		
c Add lines 2a and 2b		2c	15.
3 Distributable amount before adjustments Subtract line 2c from line 1		3	47,308.
4 Recoveries of amounts treated as qualifying distributions		4	
5 Add lines 3 and 4		5	47,308.
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	47,308.

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	38,800.
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	38,800.
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	15.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	38,785.

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				47,308.
2 Undistributed income, if any, as of the end of 2011.				
a Enter amount for 2010 only			36,562.	
b Total for prior years: 20___, 20___, 20___		0.		
3 Excess distributions carryover, if any, to 2011.				
a From 2006				
b From 2007				
c From 2008				
d From 2009				
e From 2010				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2011 from Part XII, line 4. ► $ 38,800.				
a Applied to 2010, but not more than line 2a			36,562.	
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				2,238.
e Remaining amount distributed out of corpus	0.			
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	0.			
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				45,070.
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)	0.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2007				
b Excess from 2008				
c Excess from 2009				
d Excess from 2010				
e Excess from 2011				

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

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

1 Information Regarding Foundation Managers:

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

None

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

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs:

Check here ► [X] 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 4				
Total			► **3a**	38,800.
b *Approved for future payment*				
Total			► **3b**	

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 (See instructions)
	(a) Business code	(b) Amount	(c) Exclusion 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			14	1,925.	
4 Dividends and interest from securities					
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					
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)				1,925.	
13 **Total.** Add line 12, columns (b), (d), and (e)				13	1,925.

(See worksheet in line 13 instructions to verify calculations.)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions.)
N/A	

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

		Yes	No
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	1 a (1)		X
(2) Other assets	1 a (2)		X
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization	1 b (1)		X
(2) Purchases of assets from a noncharitable exempt organization	1 b (2)		X
(3) Rental of facilities, equipment, or other assets	1 b (3)		X
(4) Reimbursement arrangements	1 b (4)		X
(5) Loans or loan guarantees	1 b (5)		X
(6) Performance of services or membership or fundraising solicitations	1 b (6)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1 c		X

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.

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

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		

Sign Here

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

Ernest Pestana 5-14-12 President

Signature of officer or trustee | Date | Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☒ if self employed	PTIN
MICHAEL J. KELLY, JR. CPA, CFP	MICHAEL J. KELLY, JR, CPA,	05/12/12		P00697735
Firm's name ► Kelly & Associates			Firm's EIN ► 77-0159132	
Firm's address ► 360 Kiely Boulevard, Suite 240 San Jose, CA 95129			Phone no (408) 241-3300	

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

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

► **Attach to Form 990, Form 990-EZ, or Form 990-PF**

OMB No 1545-0047

2011

Name of the organization	Employer identification number
ERNEST E. PESTANA CHARITABLE FOUNDATION, INC.	77-0891712

Organization type (check one)

Filers of: **Section:**

Form 990 or 990-EZ
- [ ] 501(c)(____) (enter number) organization
- [ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- [ ] 527 political organization

Form 990-PF
- [X] 501(c)(3) exempt private foundation
- [ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
- [ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule See instructions

General Rule

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

Special Rules

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

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

Name of organization: ERNEST E. PESTANA

Employer identification number: 77-0891712

Part I Contributors (see instructions) Use duplicate copies of Part I if additional space is needed

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	ERNEST E. PESTANA SEPARATE PROP. TR 360 KIELY BOULEVARD, SUITE 240 SAN JOSE, CA 95129	$ 180,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution)

Name of organization	Employer identification number
ERNEST E. PESTANA	77-0891712

Part II **Noncash Property** (see instructions) Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	N/A	$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

Name of organization
ERNEST E. PESTANA

Employer identification number
77-0891712

Part III ***Exclusively*** **religious, charitable, etc, individual contributions to section 501(c)(7), (8), or (10) organizations that total more than $1,000 for the year.** Complete cols **(a)** through **(e) and** the following line entry

For organizations completing Part III, enter total of *exclusively* religious, charitable, etc, contributions of **$1,000 or less** for the year (Enter this information once See instructions.) ► $ N/A

Use duplicate copies of Part III if additional space is needed

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	N/A		

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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Anaheim, CA 92806
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Fax (714) 456-9277

Brokerage Account Statement

Statement Period: 10/01/2011 - 12/31/2011

Portfolio Holdings *(continued)*

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
Fixed Income 98.00% of Portfolio *(In CUSIP Sequence)*									
U.S.Treasury Securities									
UNITED STATES TREAS NTS			*Security Identifier* 912828AP5						
4 000% 11/15/12 B/E DTD 11/15/02									
1ST CPN DTE 05/15/03 CPN PMT SEMI ANNUALON MAY 15 AND NOV 15									
Moody Rating AAA									
45,000 000	12/08/11*	103 5980	46,514 60	103 3320	46,499 40	-15 20	227 47	1,800 00	3 87%
Original Cost Basis $46,619 10									
UNITED STATES TREAS NOTES			*Security Identifier* 912828CT5						
4 250% 08/15/14 B/E DTD 08/15/04									
1ST CPN DTE 02/15/05 CPN PMT SEMI ANNUALON FEB 15 AND AUG 15									
Moody Rating AAA									
45,000 000	12/08/11*	110 4850	49,612 56	110 1560	49,570 20	-42 36	717 19	1,912 50	3 85%
Original Cost Basis $49,718 12									
UNITED STATES TREAS NOTES			*Security Identifier* 912828EW6						
4 500% 02/15/16 B/E DTD 02/15/06									
1ST CPN DTE 08/15/06 CPN PMT SEMI ANNUALON FEB 15 AND AUG 15									
Moody Rating AAA									
45,000 000	12/08/11*	115 9730	52,085 63	115 6170	52,027 65	-57 98	759 38	2,025 00	3 89%
Original Cost Basis $52,187 85									
UNITED STATES TREAS NTS			*Security Identifier* 912828JM3						
3 125% 09/30/13 B/E DTD 09/30/08									
1ST CPN DTE 03/31/09 CPN PMT SEMI ANNUALON MAR 31 AND SEP 30									
Moody Rating AAA									
40,000 000	12/08/11*	105 2420	42,027 23	104 9880	41,995 20	-32 03	314 21	1,250 00	2 97%
Original Cost Basis $42,097 00									

[redacted]

Portfolio Holdings *(continued)*

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
Fixed Income *(continued)*									
U.S.Treasury Securities *(continued)*									
UNITED STATES TREAS NOTES			*Security Identifier* 912828KQ2						
3 125% 05/15/19 B/E DTD 05/15/09									
1ST CPN DTE 11/15/09 CPN PMT SEMI ANNUALON MAY 15 AND NOV 15									
Moody Rating AAA									
25,000 000	12/08/11*	111 5000	27,853 03	112 1250	28,031 25	178 22	98 73	781 25	2 78%
Original Cost Basis $27,875 10									
UNITED STATES TREAS NTS			*Security Identifier* 912828MP2						
3 625% 02/15/20 B/E DTD 02/15/10									
1ST CPN DTE 08/15/10 CPN PMT SEMI ANNUALON FEB 15 AND AUG 15									
Moody Rating AAA									
30,000 000	12/08/11*	115 2270	34,536 63	115 9770	34,793 10	256 47	407 81	1,087 50	3 12%
Original Cost Basis $34,568 10									
UNITED STATES TREAS NTS			*Security Identifier* 912828NC0						
1 375% 05/15/13 B/E DTD 05/15/10									
1ST CPN DTE 11/15/10 CPN PMT SEMI ANNUALON MAY 15 AND NOV 15									
Moody Rating AAA									
40,000 000	12/08/11*	101 6720	40,640 78	101 5860	40,634 40	-6 38	69 51	550 00	1 35%
Original Cost Basis $40,668 88									
UNITED STATES TREAS NTS			*Security Identifier* 912828PC8						
2 625% 11/15/20 B/E DTD 11/15/10									
1ST CPN DTE 05/15/11 CPN PMT SEMI ANNUALON MAY 15 AND NOV 15									
Moody Rating AAA									
30,000 000	12/08/11*	106 6290	31,976 42	107 6560	32,296 80	320 38	99 52	787 50	2 43%
Original Cost Basis $31,988 79									
Total U.S. Treasury Securities **300,000.000**			**$325,246.88**		**$325,848.00**	**$601.12**	**$2,693.82**	**$10,193.75**	
U.S. Government Bonds									
FEDERAL HOME LN MTG CORP DEB			*Security Identifier* 3134A4TZ7						
4 500% 07/15/13 B/E DTD 07/18/03									
1ST CPN DTE 01/15/04 CPN PMT SEMI ANNUALON JAN 15 AND JUL 15									
Moody Rating AAA S & P Rating AA+									
45,000 000	12/08/11*	106 8070	47,951 67	106 3580	47,861 10	-90 57	933 75	2,025 00	4 23%
Original Cost Basis $48,063 15									

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Brokerage Account Statement

Statement Period: 10/01/2011 - 12/31/2011

Portfolio Holdings *(continued)*

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
Fixed Income *(continued)*									
U.S. Government Bonds *(continued)*									
FEDERAL NATL MTG ASSN BENCHMARK NTS		*Security Identifier* 31359MRG0							
4 375% 03/15/13 B/E DTD 03/28/03									
1ST CPN DTE 09/15/03 CPN PMT SEMI ANNUALON MAR 15 AND SEP 15									
Moody Rating AAA S & P Rating AA+									
45,000 000	12/08/11*	105 2410	47,249 89	104 9000	47,205 00	-44 89	579 69	1,968 75	4 17%
Original Cost Basis $47,358 36									
FEDERAL NATL MTG ASSN BENCHMARK NOTES		*Security Identifier* 31359MWJ8							
4 625% 10/15/14 B/E DTD 09/17/04									
1ST CPN DTE 10/15/04 CPN PMT SEMI ANNUALON APR 15 AND OCT 15									
Moody Rating AAA S & P Rating AA+									
45,000 000	12/08/11*	111 3770	50,015 77	111 1140	50,001 30	-14 47	439 38	2,081 25	4 16%
Original Cost Basis $50,119 70									
Total U.S. Government Bonds			**$145,217.33**		**$145,067.40**	**-$149.93**	**$1,952.82**	**$6,075.00**	
135,000.000									
Corporate Bonds									
ABBOTT LABORATORIES NT		*Security Identifier* 002819AB6							
5 600% 11/30/17 B/E DTD 11/09/07									
CALLABLE 1ST CPN DTE 05/30/08CPN PMT SEMI ANNUAL ON MAY 30 AND NOV 30									
Moody Rating A1 S & P Rating AA									
40,000 000	12/09/11*	120 2150	48,029 18	119 4150	47,766 00	-263 18	186 67	2,240 00	4 68%
Original Cost Basis $48,086 00									
ALLSTATE CORP SR NT SER A		*Security Identifier* 020002AW1							
6 200% 05/16/14 B/E DTD 05/13/09									
CALLABLE 1ST CPN DTE 11/16/09CPN PMT SEMI ANNUAL ON MAY 16 AND NOV 16									
Moody Rating A3 S & P Rating A-									
40,000 000	12/08/11*	112 3080	44,828 51	111 5260	44,610 40	-218 11	310 00	2,480 00	5 55%
Original Cost Basis $44,923 20									

[redacted]

Portfolio Holdings *(continued)*

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
Fixed Income *(continued)*									
Corporate Bonds *(continued)*									
BERKSHIRE HATHAWAY FIN CORP SR NT 144A 4 850% 01/15/15 B/E DTD 01/11/05 CALLABLE 1ST CPN DTE 07/15/05CPN PMT SEMI ANNUAL ON JAN 15 AND JUL 15 Moody Rating AA2 S & P Rating AA+			*Security Identifier* 084664AT8						
40,000 000	12/09/11*	111 5600	44,558 44	110 7740	44,309 60	-248 84	894 56	1,940 00	4 37%
Original Cost Basis $44,624 00									
CISCO SYS INC SR NT 5.500% 02/22/16 B/E DTD 02/22/06 CALLABLE 1ST CPN DTE 08/22/06 CPN PMT SEMI ANNUALON FEB 22 AND AUG 22 Moody Rating A1 S & P Rating A+			*Security Identifier* 17275RAC6						
40,000 000	12/09/11*	116 0550	46,355 99	116 3730	46,549 20	193 21	788 33	2,200 00	4 72%
Original Cost Basis $46,422 00									
CONOCOPHILLIPS GTD NT 4 600% 01/15/15 B/E DTD 05/21/09 CALLABLE 1ST CPN DTE 01/15/10CPN PMT SEMI ANNUAL ON JAN 01 AND JUL 01 Moody Rating A1 S & P Rating A			*Security Identifier* 20825CAT1						
40,000 000	12/09/11*	111 0510	44,357 65	110 5990	44,239 60	-118 05	848 44	1,840 00	4 15%
Original Cost Basis $44,420 40									
DU PONT E I DE NEMOURS & CO FIXED RATE NT 3 250% 01/15/15 B/E DTD 11/09/09 CALLABLE1ST CPN DTE 07/15/10 CPN PMT SEMI ANNUAL ON JAN 15 AND JUL 15 Moody Rating A2 S & P Rating A			*Security Identifier* 263534BY4						
40,000 000	12/09/11*	106 8680	42,708 22	106 6440	42,657 60	-50 62	599 44	1,300 00	3 04%
Original Cost Basis $42,747 20									
INTEL CORP SR NT 1 950% 10/01/16 B/E DTD 09/19/11 CALLABLE 1ST CPN DTE 04/01/12CPN PMT SEMI ANNUAL ON APR 01 AND OCT 01 Moody Rating A1 S & P Rating A+			*Security Identifier* 458140AH3						
40,000 000	12/09/11*	101 9040	40,754 79	102 8020	41,120 80	366 01	221 00	780 00	1 89%
Original Cost Basis $40,761 60									

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Brokerage Account Statement

Statement Period: 10/01/2011 - 12/31/2011

Portfolio Holdings *(continued)*

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
Fixed Income *(continued)*									
Corporate Bonds *(continued)*									
JPMORGAN CHASE & CO FIXED RATE			*Security Identifier* 46625HHP8						
3 700% 01/20/15 B/E DTD 09/18/09									
1ST CPN DTE 01/20/10 CPN PMT SEMI ANNUALON JAN 20 AND JUL 20									
Moody Rating AA3 S & P Rating A									
40,000 000	12/09/11*	102 8780	41,135 36	103 6800	41,472 00	336 64	661 89	1,480 00	3 56%
Original Cost Basis $41,151 20									
ORACLE CORP NT 4.950% 04/15/13 B/E			*Security Identifier* 68389XAD7						
DTD 04/09/08 CALLABLE									
1ST CPN DTE 10/15/08 CPN PMT SEMI ANNUALON APR 15 AND OCT 15									
Moody Rating A1 S & P Rating A									
25,000 000	12/09/11*	105 9570	26,439 85	105 6050	26,401 25	-38 60	261 25	1,237 50	4 68%
Original Cost Basis $26,489 25									
3M CO MEDIUM TERM NTS MEDIUM-TERM NTS			*Security Identifier* 88579EAE5						
SER E 4 375% 08/15/13 B/E									
DTD 08/21/08 1ST CPN DTE 02/15/09CPN PMT SEMI ANNUAL ON FEB 15 AND AUG 15									
Moody Rating AA2 S & P Rating AA-									
40,000 000	12/09/11*	106 7940	42,645 42	106 2980	42,519 20	-126 22	661 11	1,750 00	4 11%
Original Cost Basis $42,717 60									
U S BANCORP MEDIUM TERM NTS			*Security Identifier* 91159HGR5						
4 200% 05/15/14 B/E DTD 05/14/09									
1ST CPN DTE 11/16/09 CPN PMT SEMI ANNUALON MAY 15 AND NOV 15									
Moody Rating AA3 S & P Rating A									
40,000 000	12/08/11*	107 0090	42,749 74	107 0620	42,824 80	75 06	210 00	1,680 00	3 92%
Original Cost Basis $42,803 60									

Portfolio Holdings *(continued)*

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
Fixed Income *(continued)*									
Corporate Bonds *(continued)*									
WALGREEN CO NOTES 5.250% 01/15/19 B/E DTD 01/13/09 CALLABLE 1ST CPN DTE 07/15/09 CPN PMT SEMI ANNUALON JAN 15 AND JUL 15 Moody Rating A2 S & P Rating A	*Security Identifier* 931422AE9								
10,000 000	12/09/11*	117 9420	11,783 89	118 8840	11,888 40	104 51	242 08	525 00	4 41%
Original Cost Basis $11,794 20									
Total Corporate Bonds 435,000.000			**$476,347.04**		**$476,358.85**	**$11.81**	**$5,884.77**	**$19,452.50**	
Total Fixed Income 870,000.000			**$946,811.25**		**$947,274.25**	**$463.00**	**$10,531.41**	**$35,721.25**	

	Cost Basis	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income
Total Portfolio Holdings	**$969,518.44**	**$969,981.44**	**$463.00**	**$10,531.41**	**$35,721.52**

* Uncovered under the cost basis rules as defined below

Securities acquired before 2011 are generally not subject to the new cost basis reporting rules set forth in the Internal Revenue Code of 1986, as amended ("IRC") (incorporating amendments enacted by P L 110-343, the Emergency Economic Stabilization Act of 2008) and are, therefore, considered " uncovered," under the new cost basis reporting rules, and marked or denoted as such All other securities in this section are securities which are "covered" under the new cost basis reporting rules Securities which are "covered" under the new cost basis reporting rules are defined as securities which have been acquired on or after their "applicable date(s)" at which they are subject to the cost basis reporting rules and the adjusted basis will be reported to the IRS on form 1099-B for the applicable tax year in which the security is disposed

Reporting requirements generally will be phased in over a three-year period, as follows

- Stock in a corporation acquired on or after January 1, 2011
- Mutual funds and dividend reinvestment plan (DRP) shares acquired on or after January 1, 2012
- Other securities, principally debt securities and options, acquired on or after January 1, 2013, or later, as determined by the Secretary of the Treasury

Cost Basis on fixed income securities is adjusted for amortization, accretion or principal paydowns The method of calculation is based upon the type of fixed income security and certain attributes, obtained from sources believed to be reliable In the event, one or more of these attributes is changed, there may be a temporary incorrect adjusted cost basis reflected until the portfolio system is amended to reflect this change These calculations will not be performed under certain circumstances, including those involving continuously callable bonds, foreign bonds, variable rates, bonds in default, index-linked bonds, bonds sold short or bonds that have a negative yield This information is meant as a general guide and you should consult your tax advisor in the preparation of your tax returns

Disclosures and Other Information

Pricing - This section includes the net market value of the securities in your account on a settlement date basis, including short positions, at the close of the statement period The market prices have been obtained from quotation services, which we believe to be reliable, however, we cannot guarantee their accuracy Securities for which a price is not available are marked "N/A" and are omitted from the Total

The estimated annual income (EAI) and estimated current yield (ECY) figures are estimates and for informational purposes only These figures are not considered to be a forecast or guarantee of future results These figures are computed using information from providers believed to be reliable; however, no assurance can be made as to the accuracy Since interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political, and business conditions, they should not be relied on for making investment, trading, or tax decisions These figures assume that the position quantities, interest and dividend rates, and prices remain constant A capital gain or return of principal may be included in the figures for certain securities, thereby overstating them Refer to

Statement 1
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
ATTORNEY GEN REGISTRY OF CHAR TRUST FEE	$ 50.			
INVESTMENT MANAGEMENT FEES	460.	$ 460.		
STATE FILING FEE	10.			
Total	$ 520.	$ 460.	$ 0.	$ 0.

Statement 2
Form 990-PF, Part II, Line 10a
Investments - U.S. and State Government Obligations

U.S. Government Obligations	Valuation Method	Book Value	Fair Market Value
PERSHING, LLC-SEE ATTACHED PERSHING STMT	Cost	$ 474,927.	$ 475,562.
		$ 474,927.	$ 475,562.
	Total	$ 474,927.	$ 475,562.

Statement 3
Form 990-PF, Part II, Line 10c
Investments - Corporate Bonds

Corporate Bonds	Valuation Method	Book Value	Fair Market Value
PERSHING, LLC-SEE ATTACHED PERSHING STMT	Cost	$ 481,906.	$ 482,244.
	Total	$ 481,906.	$ 482,244.

Statement 4
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found-ation Status	Purpose of Grant	Amount
AMERICAN HEART ASSOCIATION 1400 N. DUTTON AVENUE, SUITE 20 SANTA ROSA, CA 95401	NONE	501(C)(3)	CONTRIBUTION TO THE AMERICAN HEART ASSOCIATION FOR THE PREVENTION OF HEART DISEASE.	$ 1,000.

Statement 4 (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
ST. JUDE CHILDREN'S RES. HOSP 501 ST. JUDE PLACE MEMPHIS, TN 38105	NONE	501(C)(3)	THIS IS A CHILDREN'S HOSPITAL THAT PROVIDES MEDICAL CARE TO CHILDREN IN NEED.	$ 4,000.
MAYO CLINIC FOUNDATION 13400 EAST SHEA BOULEVARD SCOTTSDALE, AZ 85259	NONE	501(C)(3)	THE PURPOSE OF THE GRANT WAS TO PROVIDE THE MAYO CLINIC WITH FUNDS TO BE UTILIZED IN THEIR CAMPAIGN AGAINST ALZHEIMER DISEASE AND MELANOMA RESEARCH EFFORTS.	1,000.
AMERICAN CANCER SOCIETY PO BOX 22718 OKLAHOMA CITY, OK 73123	NONE	501(C)(3)	CONTRIBUTION TO THE AMERICAN CANCER SOCIETY TO HELP AIDE IN THE TREATMENT OF CANCER PATIENTS.	22,000.
ALZHEIMER'S DISEASE RESEARCH 22512 GATEWAY CENTER DRIVE CLARKSBURG, MD 20871	NONE	501(C)(3)	CONTRIBUTION TO ALZHEIMER'S DISEASE RESEARCH TO AIDE IN THE TREATMENT OF ALZHEIMER'S DISEASE.	2,000.
SOLID ROCK FAITH CENTER 6205 ENTERPRISE DRIVE DIAMOND SPRINGS, CA 95619	NONE	501(C)(3)	THE PURPOSE OF THIS GRANT IS TO PROVIDE OPPORTUNITIES FOR YOUTHS IN NEED.	800.
SHEPERD'S GATE 1600 PORTOLA AVENUE LIVERMORE, CA 94551	NONE	501(C)(3)	CONTRIBUTION TO SHEPERD'S GATE TO HELP PROVIDE BASIC NEEDS FOR WOMEN AND CHILDREN.	1,000.

Statement 4 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Foundation Status	Purpose of Grant	Amount
HUMANE SOCIETY SILICON VALLEY 901 AMES AVENUE MILPITAS, CA 95035	NONE	501(C)(3)	CONTRIBUTION TO THE HUMANE SOCIETY TO PROVIDE FOR THE CARE OF FOSTER ANIMALS.	$ 2,000.
SUSAN G. KOMEN FOR THE CURE 5005 LBJ FREEWAY, SUITE 250 DALLAS, TX 75244	NONE	501(C)(3)	CONTRIBUTION TO SUSAN G. KOMEN FOR THE CURE TO AIDE IN CANCER RESEARCH.	5,000.
			Total	$ 38,800.

Balance Sheet - Investments
Fair market value at end of year (Form 990-PF)

U.S. TREASURY SECURITIES		$ 325,848.
CAPITALIZED ACCRUED INT- U.S. TREASURY SECURITIES		2,694.
U.S. GOVERNMENT BONDS		145,067.
CAPITALIZED ACCRUED INT- U.S. GOV'T BONDS		1,953.
	Total	$ 475,562.

Balance Sheet - Investments
Fair market value at end of year (Form 990-PF)

CORPORATE BONDS		$ 476,359.
CAPITALIZED ACCRUED INT- CORPORATE BOND		5,885.
	Total	$ 482,244.