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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 9/01, 2011, and ending 8/31, 2012

GURNEY FOUNDATION INC.  
778 PARK AVENUE  
NEW YORK, NY 10021

**A** Employer identification number  
56-6061042

**B** Telephone number (see the instructions)  
516-482-3260

**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)  
\$ 1,588,881.

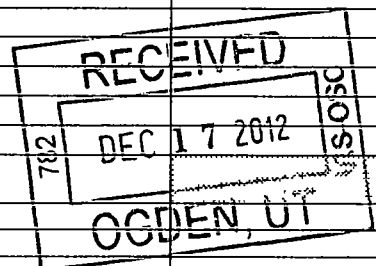
**J** Accounting method:  Cash  Accrual  
 Other (specify) \_\_\_\_\_  
(Part I, column (d) must be on cash basis)

**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) |
|---|------------------------------------|---------------------------|-------------------------|---|
| <b>1</b> Contributions, gifts, grants, etc. received (att sch)                        |                                    |                           |                         |   |
| <b>2</b> Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B |                                    |                           |                         |   |
| <b>3</b> Interest on savings and temporary cash investments                           | 31.                                | 31.                       | 31.                     |   |
| <b>4</b> Dividends and interest from securities                                       | 36,381.                            | 36,381.                   | 36,381.                 |   |
| <b>5a</b> Gross rents   |                                    |                           |                         |   |
| <b>b</b> Net rental income or (loss)  |                                    |                           |                         |   |
| <b>6a</b> Net gain/(loss) from sale of assets not on line 10                          | 41,885.                            |                           |                         |   |
| <b>b</b> Gross sales price for all assets on line 6a                                  | 301,579.                           |                           |                         |   |
| <b>7</b> Capital gain net income (from Part IV, line 2)                               |                                    | 41,885.                   |                         |   |
| <b>8</b> Net short-term capital gain  |                                    |                           | 41,885.                 |   |
| <b>9</b> Income modifications   |                                    |                           |                         |   |
| <b>10a</b> Gross sales less returns and allowances                                    |                                    |                           |                         |   |
| <b>b</b> Less Cost of goods sold  |                                    |                           |                         |   |
| <b>c</b> Gross profit/(loss) (att sch)  |                                    |                           |                         |   |
| <b>11</b> Other income (attach schedule)  |                                    |                           |                         |   |
| <b>12 Total.</b> Add lines 1 through 11   | 78,297.                            | 78,297.                   | 78,297.                 |   |
| <b>13</b> Compensation of officers, directors, trustees, etc                          | 0.                                 |                           |                         |   |
| <b>14</b> Other employee salaries and wages   |                                    |                           |                         |   |
| <b>15</b> Pension plans, employee benefits  |                                    |                           |                         |   |
| <b>16a</b> Legal fees (attach schedule)   |                                    |                           |                         |   |
| <b>b</b> Accounting fees (attach sch) SEE ST 1  | 7,825.                             | 7,825.                    |                         |   |
| <b>c</b> Other prof fees (attach sch) SEE ST 2  | 9,876.                             | 9,876.                    |                         |   |
| <b>17</b> Interest  |                                    |                           |                         |   |
| <b>18</b> Taxes (attach schedule)(see instrs) SEE STM 3                               | 603.                               |                           |                         |   |
| <b>19</b> Depreciation (attach sch) and depletion                                     |                                    |                           |                         |   |
| <b>20</b> Occupancy   |                                    |                           |                         |   |
| <b>21</b> Travel, conferences, and meetings   |                                    |                           |                         |   |
| <b>22</b> Printing and publications   |                                    |                           |                         |   |
| <b>23</b> Other expenses (attach schedule) SEE STATEMENT 4                            | 256.                               | 256.                      |                         |   |
| <b>24 Total operating and administrative expenses.</b> Add lines 13 through 23        | 18,560.                            | 17,957.                   |                         |   |
| <b>25</b> Contributions, gifts, grants paid PART XV                                   | 78,000.                            |                           |                         | 78,000.   |
| <b>26 Total expenses and disbursements.</b> Add lines 24 and 25                       | 96,560.                            | 17,957.                   | 0.                      | 78,000.   |
| <b>27 Subtract line 26 from line 12:</b>  |                                    |                           |                         |   |
| <b>a Excess of revenue over expenses and disbursements</b>                            | -18,263.                           |                           |                         |   |
| <b>b Net investment income</b> (if negative, enter -0-)                               |                                    | 60,340.                   |                         |   |
| <b>c Adjusted net income</b> (if negative, enter -0-)                                 |                                    |                           | 78,297.                 |   |

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P 4

| 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  | 80,941.  | 91,136.        | 91,136.               |
|  | 2 Savings and temporary cash investments   |  |                |                       |
|  | 3 Accounts receivable ▶<br>Less: allowance for doubtful accounts ▶   |  |                |                       |
|  | 4 Pledges receivable ▶<br>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.) ▶<br>Less: allowance for doubtful accounts ▶  |  |                |                       |
|  | 8 Inventories for sale or use  |  |                |                       |
|  | 9 Prepaid expenses and deferred charges  |  | 2,817.         | 2,817.                |
|  | 10a Investments – U.S. and state government obligations (attach schedule) STATEMENT 5  | 331,675.   | 346,765.       | 363,195.              |
|  | b Investments – corporate stock (attach schedule) STATEMENT 6  | 944,651.   | 897,404.       | 1,040,798.            |
|  | c Investments – corporate bonds (attach schedule) STATEMENT 7  | 89,197.  | 89,197.        | 90,735.               |
|  | 11 Investments – land, buildings, and equipment: basis ▶<br>Less: accumulated depreciation (attach schedule) ▶                         |  |                |                       |
|  | 12 Investments – mortgage loans  |  |                |                       |
|  | 13 Investments – other (attach schedule) STATEMENT 8   | 200.   | 200.           | 200.                  |
|  | 14 Land, buildings, and equipment: basis ▶<br>Less: accumulated depreciation (attach schedule) ▶                                       |  |                |                       |
| 15 Other assets (describe ▶ SEE STATEMENT 9 )  |  | 2.   |                |                       |
| 16 Total assets (to be completed by all filers – see the instructions. Also, see page 1, item I) | 1,446,664.   | 1,427,521.   | 1,588,881.     |                       |
| LIABILITIES  | 17 Accounts payable and accrued expenses   | 8,705.   | 7,825.         |                       |
|  | 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)   | 8,705.   | 7,825.         |                       |
| NET ASSETS OR FUND BALANCES  | Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/> |  |                |                       |
|  | 24 Unrestricted  | 937,959.   | 919,696.       |                       |
|  | 25 Temporarily restricted  | 500,000.   | 500,000.       |                       |
|  | 26 Permanently restricted  |  |                |                       |
|  | Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>                         |  |                |                       |
|  | 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)  | 1,437,959.   | 1,419,696.   |                |                       |
| 31 Total liabilities and net assets/fund balances (see instructions)                             | 1,446,664.   | 1,427,521.   |                |                       |

Part III Analysis of Changes in Net Assets or Fund Balances

|  |   |            |
|--|---|------------|
| 1 Total net assets or fund balances at beginning of year – Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return) | 1 | 1,437,959. |
| 2 Enter amount from Part I, line 27a   | 2 | -18,263.   |
| 3 Other increases not included in line 2 (itemize) ▶   | 3 |            |
| 4 Add lines 1, 2, and 3  | 4 | 1,419,696. |
| 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 | 1,419,696. |

**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<br>P - Purchase<br>D - Donation | (c) Date acquired<br>(month, day, year) | (d) Date sold<br>(month, day, year) |
|--|--|---|-------------------------------------|
| 1 a SCHEDULE ATTACHED  | P  | VARIOUS                                 |                                     |
| b  |  |   |                                     |
| c  |  |   |                                     |
| d  |  |   |                                     |
| e  |  |   |                                     |

| (e) Gross sales price | (f) Depreciation allowed<br>(or allowable) | (g) Cost or other basis<br>plus expense of sale | (h) Gain or (loss)<br>(e) plus (f) minus (g) |
|-----------------------|--|---|--|
| a 301,579.            |  | 259,694.  | 41,885.                                      |
| 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)<br>gain minus column (k), but not less<br>than -0-) or Losses (from column (h)) |
|---|--------------------------------------|---|---|
| (i) Fair Market Value<br>as of 12/31/69   | (j) Adjusted basis<br>as of 12/31/69 | (k) Excess of column (i)<br>over column (j), if any |   |
| a   |                                      |   | 41,885.   |
| b   |                                      |   |   |
| c   |                                      |   |   |
| d   |                                      |   |   |
| e   |                                      |   |   |

|  |   |         |
|--|---|---------|
| 2 Capital gain net income or (net capital loss). <span style="float:right">[ If gain, also enter in Part I, line 7<br/>If (loss), enter -0- in Part I, line 7 ]</span>   | 2 | 41,885. |
| 3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)<br><span style="float:right">[ If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0-<br/>in Part I, line 8 ]</span> | 3 | 41,885. |

**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<br>Calendar year (or tax year<br>beginning in) | (b) Adjusted qualifying distributions | (c) Net value of<br>noncharitable-use assets | (d) Distribution ratio<br>(column (b) divided by column (c)) |
|--|---------------------------------------|--|--|
| 2010   | 72,000.                               | 1,621,540.                                   | 0.044402   |
| 2009   | 75,000.                               | 1,510,422.                                   | 0.049655   |
| 2008   | 89,888.                               | 1,452,260.                                   | 0.061895   |
| 2007   | 92,780.                               | 1,865,759.                                   | 0.049728   |
| 2006   | 86,999.                               | 1,892,134.                                   | 0.045979   |

|   |   |            |
|---|---|------------|
| 2 Total of line 1, column (d)   | 2 | 0.251659   |
| 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 | 0.050332   |
| 4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5  | 4 | 1,536,232. |
| 5 Multiply line 4 by line 3   | 5 | 77,322.    |
| 6 Enter 1% of net investment income (1% of Part I, line 27b)  | 6 | 603.       |
| 7 Add lines 5 and 6   | 7 | 77,925.    |
| 8 Enter qualifying distributions from Part XII, line 4  | 8 | 78,000.    |

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.<br>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      | 603. |
| 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      | 603. |
| 4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)   |    | 4      | 0.   |
| 5 <b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-  |    | 5      | 603. |
| 6 Credits/Payments  |    |        |      |
| a 2011 estimated tax pmts and 2010 overpayment credited to 2011   | 6a | 3,420. |      |
| 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  | 3,420. |      |
| 8 Enter any <b>penalty</b> for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached   | 8  |        |      |
| 9 <b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>   | 9  | 0.     |      |
| 10 <b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>  | 10 | 2,817. |      |
| 11 Enter the amount of line 10 to be <b>Credited to 2012 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>  | 11 | 2,817. | 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?  |     | X   |
| b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?<br><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 <b>Form 1120-POL</b> for this year?   |     | X   |
| d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year<br>(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?<br><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 <b>Form 990-T</b> for this year?   |     | N/A |
| 5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?<br><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:<br>• By language in the governing instrument, or<br>• 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) ▶<br>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)   | 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?<br>Website address <u>N/A</u>   | 13 | X |     |
| 14 | The books are in care of <u>CUMMINGS &amp; CARROLL, P.C.</u> Telephone no <u>516-482-3260</u><br>Located at <u>175 GREAT NECK ROAD GREAT NECK NY</u> ZIP + 4 <u>11021</u>   |    |   |     |
| 15 | Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>  |    |   | 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?<br>See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country | 16 |   | X   |

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

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

|     |   | Yes | No  |
|-----|---|-----|-----|
| 1 a | During the year did the foundation (either directly or indirectly):   |     |     |
| (1) | Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |     |     |
| (2) | Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |     |     |
| (3) | Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |     |     |
| (4) | Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |     |     |
| (5) | Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |     |     |
| (6) | Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |     |     |
| b   | If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see 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<br>If 'Yes,' list the years <u>20__ , 20__ , 20__ , 20__</u>  |     |     |
| b   | Are there any years listed in 2a for which the foundation is <b>not</b> 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 <u>20__ , 20__ , 20__ , 20__</u>  |     |     |
| 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

**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)?  Yes  No

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

|  |    |     |
|--|----|-----|
|  | 5b | N/A |
|  | 6b | X   |
|  | 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 |
|---|---|---|---|---------------------------------------|
| PAUL LIPTON C/O GREENBERG TAUR<br>1221 BRICKELL AVENUE<br>MIAMI, FL 33131 | SECRETARY<br>0  | 0.  | 0.  | 0.                                    |
| ROBERT WITTES C/O WARSHAW BURS<br>555 FIFTH AVENUE<br>NEW YORK, NY 10017  | PRESIDENT<br>0  | 0.  | 0.  | 0.                                    |
| BRUCE LANGFORD<br>P.O. BOX 56-5876<br>MIAMI, FL 33256                     | TREASURER<br>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  |                     |                  |
| -----   |                     |                  |
| -----   |                     |                  |
| -----   |                     |                  |
| -----   |                     |                  |
| -----   |                     |                  |
| <b>Total</b> number of others receiving over \$50,000 for professional services |                     | <b>0</b>         |

**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  |        |           |
| 3 All other program-related investments See instructions |        |           |
| <b>Total.</b> Add lines 1 through 3                      |        | <b>0.</b> |

BAA

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

|  |           |            |
|--|-----------|------------|
| <b>1</b> Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes: |           |            |
| <b>a</b> Average monthly fair market value of securities   | <b>1a</b> | 1,492,907. |
| <b>b</b> Average of monthly cash balances  | <b>1b</b> | 66,719.    |
| <b>c</b> Fair market value of all other assets (see instructions)  | <b>1c</b> |            |
| <b>d Total</b> (add lines 1a, b, and c)  | <b>1d</b> | 1,559,626. |
| <b>e</b> Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)   | <b>1e</b> | 0.         |
| <b>2</b> Acquisition indebtedness applicable to line 1 assets  | <b>2</b>  | 0.         |
| <b>3</b> Subtract line 2 from line 1d  | <b>3</b>  | 1,559,626. |
| <b>4</b> Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)   | <b>4</b>  | 23,394.    |
| <b>5 Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4        | <b>5</b>  | 1,536,232. |
| <b>6 Minimum investment return.</b> Enter 5% of line 5   | <b>6</b>  | 76,812.    |

**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.)

|  |           |          |         |
|--|-----------|----------|---------|
| <b>1</b> Minimum investment return from Part X, line 6   |           | <b>1</b> | 76,812. |
| <b>2a</b> Tax on investment income for 2011 from Part VI, line 5   | <b>2a</b> | 603.     |         |
| <b>b</b> Income tax for 2011. (This does not include the tax from Part VI)                                 | <b>2b</b> |          |         |
| <b>c</b> Add lines 2a and 2b   | <b>2c</b> | 603.     |         |
| <b>3</b> Distributable amount before adjustments Subtract line 2c from line 1                              | <b>3</b>  | 76,209.  |         |
| <b>4</b> Recoveries of amounts treated as qualifying distributions   | <b>4</b>  |          |         |
| <b>5</b> Add lines 3 and 4   | <b>5</b>  | 76,209.  |         |
| <b>6</b> Deduction from distributable amount (see instructions)  | <b>6</b>  |          |         |
| <b>7 Distributable amount</b> as adjusted. Subtract line 6 from line 5 Enter here and on Part XIII, line 1 | <b>7</b>  | 76,209.  |         |

**Part XII Qualifying Distributions** (see instructions)

|   |           |         |
|---|-----------|---------|
| <b>1</b> Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:   |           |         |
| <b>a</b> Expenses, contributions, gifts, etc – total from Part I, column (d), line 26   | <b>1a</b> | 78,000. |
| <b>b</b> Program-related investments – total from Part IX-B   | <b>1b</b> |         |
| <b>2</b> Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes  | <b>2</b>  |         |
| <b>3</b> Amounts set aside for specific charitable projects that satisfy the  |           |         |
| <b>a</b> Suitability test (prior IRS approval required)   | <b>3a</b> |         |
| <b>b</b> Cash distribution test (attach the required schedule)  | <b>3b</b> |         |
| <b>4 Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4   | <b>4</b>  | 78,000. |
| <b>5</b> 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) | <b>5</b>  | 603.    |
| <b>6 Adjusted qualifying distributions.</b> Subtract line 5 from line 4   | <b>6</b>  | 77,397. |

**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)<br>Corpus | (b)<br>Years prior to 2010 | (c)<br>2010 | (d)<br>2011 |
|--|---------------|----------------------------|-------------|-------------|
| 1 Distributable amount for 2011 from Part XI, line 7   |               |                            |             | 76,209.     |
| 2 Undistributed income, if any, as of the end of 2011  |               |                            |             |             |
| a Enter amount for 2010 only   |               |                            | 77,441.     |             |
| 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: ▶ \$ 78,000.  |               |                            |             |             |
| a Applied to 2010, but not more than line 2a   |               |                            | 77,441.     |             |
| 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   |               |                            |             | 559.        |
| 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  |               |                            |             | 75,650.     |
| 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)

**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

| Tax year   | Prior 3 years |          |          |  |           |
|--|---------------|----------|----------|--|-----------|
| (a) 2011   | (b) 2010      | (c) 2009 | (d) 2008 |  | (e) Total |
| <b>b</b> 85% of line 2a  |               |          |          |  |           |
| <b>c</b> Qualifying distributions from Part XII, line 4 for each year listed   |               |          |          |  |           |
| <b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities   |               |          |          |  |           |
| <b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c                                   |               |          |          |  |           |
| <b>3</b> Complete 3a, b, or c for the alternative test relied upon.  |               |          |          |  |           |
| <b>a</b> 'Assets' alternative test – enter   |               |          |          |  |           |
| <b>(1)</b> Value of all assets   |               |          |          |  |           |
| <b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)   |               |          |          |  |           |
| <b>b</b> 'Endowment' alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed                              |               |          |          |  |           |
| <b>c</b> 'Support' alternative test – enter  |               |          |          |  |           |
| <b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties) |               |          |          |  |           |
| <b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)                                      |               |          |          |  |           |
| <b>(3)</b> Largest amount of support from an exempt organization   |               |          |          |  |           |
| <b>(4)</b> 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  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                                   | If recipient is an individual, show any relationship to any foundation manager or substantial contributor | Foundation status of recipient | Purpose of grant or contribution          | Amount       |
|---|---|--------------------------------|---|--------------|
| Name and address (home or business)         |   |                                |   |              |
| a Paid during the year<br>SCHEDULE ATTACHED |   | PUBLIC                         | SCIENTIFIC,<br>EDUCATIONAL,<br>CHARITABLE | 78,000.      |
| <b>Total</b>                                |   |                                |   | ▶ 3a 78,000. |
| b Approved for future payment               |   |                                |   |              |
| <b>Total</b>                                |   |                                |   | ▶ 3b         |





CLIENT GF

GURNEY FOUNDATION INC.

56-6061042

12/10/12

04 52PM

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

|                                | (A)<br>EXPENSES<br>PER BOOKS | (B) NET<br>INVESTMENT<br>INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |
|--------------------------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| PREPARATION OF REPORT & 990-PF | \$ 7,825.                    | \$ 7,825.                       |                               |                               |
| <b>TOTAL</b>                   | <u>\$ 7,825.</u>             | <u>\$ 7,825.</u>                | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

**STATEMENT 2**  
**FORM 990-PF, PART I, LINE 16C**  
**OTHER PROFESSIONAL FEES**

|                          | (A)<br>EXPENSES<br>PER BOOKS | (B) NET<br>INVESTMENT<br>INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |
|--------------------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| INVESTMENT ADVISORY FEES | \$ 9,876.                    | \$ 9,876.                       |                               |                               |
| <b>TOTAL</b>             | <u>\$ 9,876.</u>             | <u>\$ 9,876.</u>                | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

**STATEMENT 3**  
**FORM 990-PF, PART I, LINE 18**  
**TAXES**

|              | (A)<br>EXPENSES<br>PER BOOKS | (B) NET<br>INVESTMENT<br>INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |
|--------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| EXCISE TAX   | \$ 603.                      |                                 |                               |                               |
| <b>TOTAL</b> | <u>\$ 603.</u>               | <u>\$ 0.</u>                    | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

**STATEMENT 4**  
**FORM 990-PF, PART I, LINE 23**  
**OTHER EXPENSES**

|              | (A)<br>EXPENSES<br>PER BOOKS | (B) NET<br>INVESTMENT<br>INCOME | (C)<br>ADJUSTED<br>NET INCOME | (D)<br>CHARITABLE<br>PURPOSES |
|--------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| ADVERTISING  | \$ 125.                      | \$ 125.                         |                               |                               |
| BANK CHARGES | 131.                         | 131.                            |                               |                               |
| <b>TOTAL</b> | <u>\$ 256.</u>               | <u>\$ 256.</u>                  | <u>\$ 0.</u>                  | <u>\$ 0.</u>                  |

GURNEY FOUNDATION, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2012

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# Cummings & Carroll, P.C.

Certified Public Accountants

175 Great Neck Road  
Great Neck, NY 11021  
(516) 482-3260  
Fax (516) 482-4067

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Gurney Foundation, Inc  
New York, New York


We have reviewed the accompanying statements of financial position of the Gurney Foundation, Inc. as of August 31, 2012 and 2011, and the related statements of activity and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Gurney Foundation, Inc.

A review consists principally of inquiries of foundation management and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedules of marketable securities and charitable contributions is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any modifications that should be made to it.

CUMMINGS & CARROLL, P C

  
Certified Public Accountants

November 1, 2012  
Great Neck, New York

GURNEY FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31,  
(Unaudited)

ASSETS

|  | <u>2012</u>      | <u>2011</u>      |
|--|------------------|------------------|
| <u>Special Bequest - Estate of Robert Gurney</u>   |                  |                  |
| Federal Home Loan Mortgage face value \$428,000<br>and \$391,000, respectively, at market,<br>cost \$344,271 and \$328,902, respectively | \$ 360,701       | \$ 327,954       |
| Accrued interest   | 2,494            | 2,773            |
| Corporate Bonds- cost \$89,197   | 90,735           | 91,370           |
| Certificates of Deposit - cost \$50,000  | -                | 51,607           |
| Money market account   | 54,576           | 42,615           |
| Total special bequest fund   | 508,506          | 516,319          |
| Available for distribution   | 8,506            | 16,319           |
| <br>Principal - special bequest assets   | <br>500,000      | <br>500,000      |
| <u>Unrestricted Assets</u>   |                  |                  |
| Cash - Branch Banking & Trust Company  | 34,702           | 35,027           |
| Cash-Wells Fargo   | 1,858            | 3,299            |
| Marketable securities at market, cost \$887,405<br>and \$884,650, respectively   | 1,030,798        | 988,224          |
| Inc - 10,000 shares cost \$10,000<br>(market value - not available)  | 10,000           | 10,000           |
| Special bequest fund - available for distribution  | 8,506            | 16,319           |
| Other assets   | 200              | 200              |
| Prepaid excise tax   | 2,817            | -                |
| Total unrestricted assets  | 1,088,881        | 1,053,069        |
| <br>Total Assets   | <br>\$ 1,588,881 | <br>\$ 1,553,069 |

LIABILITIES AND FOUNDATION PRINCIPAL

|  |                  |                  |
|--|------------------|------------------|
| <u>Liabilities</u>                             |                  |                  |
| Accounts payable and accruals                  | \$ 7,823         | \$ 8,704         |
| <br>Foundation principal - restricted          | <br>500,000      | <br>500,000      |
| - unrestricted                                 | 1,081,058        | 1,044,365        |
| Total principal                                | 1,581,058        | 1,544,365        |
| <br>Total Liabilities and Foundation Principal | <br>\$ 1,588,881 | <br>\$ 1,553,069 |

GURNEY FOUNDATION, INC.  
 STATEMENTS OF ACTIVITY  
 FOR THE YEARS ENDED AUGUST 31,  
 (Unaudited)

|  | <u>2012</u>         | <u>2011</u>         |
|--|---------------------|---------------------|
| Revenue  |                     |                     |
| Dividends and interest   | \$ 36,412           | \$ 38,998           |
| Gain on sale of securities   | 41,885              | 150,717             |
|  | <hr/>               | <hr/>               |
| Total revenue  | 78,297              | 189,715             |
|  | <hr/>               | <hr/>               |
| Expenses   |                     |                     |
| Investment advisory fees   | 9,876               | 10,874              |
| Accounting fees  | 7,825               | 7,625               |
| Other  | 256                 | 234                 |
| Excise tax   | 603                 | 3,707               |
|  | <hr/>               | <hr/>               |
| Total expenses   | 18,560              | 22,440              |
|  | <hr/>               | <hr/>               |
| Excess or (deficit) of income over expenses  | 59,737              | 167,275             |
| Contributions  | 78,000              | 72,000              |
|  | <hr/>               | <hr/>               |
| Excess or (Deficit) of net revenue over contributions                              | (18,263)            | 95,275              |
| Unrestricted Assets - increase (decrease) in unrealized appreciation of securities | 39,820              | (21,135)            |
| Restricted Assets - Increase (decrease) in unrealized appreciation of securities   | 15,136              | (4,712)             |
|  | <hr/>               | <hr/>               |
| Increase (decrease) in foundation principal  | 36,693              | 69,428              |
| Foundation principal - September 1, 2011-2010                                      | 1,544,365           | 1,474,937           |
|  | <hr/>               | <hr/>               |
| Foundation principal - August 31, 2012-2011  | <u>\$ 1,581,058</u> | <u>\$ 1,544,365</u> |
|  | <hr/>               | <hr/>               |
| Consisting of - Restricted Fund  | \$ 500,000          | \$ 500,000          |
| - Unrestricted Fund  | \$ 1,081,058        | \$ 1,044,365        |

GURNEY FOUNDATION, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED AUGUST 31,  
 (Unaudited)

|   | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|
| Cash Flows From Operating Activities  |             |             |
| Excess or (deficit) of net revenues over contributions  | \$ (18,263) | \$ 95,275   |
| Adjustments to reconcile excess of net revenue<br>over contributions to cash from operating activities: |             |             |
| Prepaid excise tax  | (2,817)     | 2,627       |
| Accrued interest income receivable  | 279         | 322         |
| Accrued professional fees and other   | (881)       | 1,354       |
|   | (21,682)    | 99,578      |
| Net cash (used for) operating activities  |             |             |
| Cash Flows From Investing Activities:   |             |             |
| Purchases of marketable securities  | (227,817)   | (764,227)   |
| Sales of marketable securities  | 259,694     | 625,987     |
|   | 31,877      | (138,240)   |
| Net cash provided by (used for) investing activities  |             |             |
| Net increase (decrease) in cash   | 10,195      | (38,662)    |
| Cash - September 1, 2011-2010   | 80,941      | 119,603     |
| Cash - August 31, 2012-2011   | \$ 91,136   | \$ 80,941   |

Supplemental disclosures of cash information:

Cash paid during the years for:

|                      |          |       |
|----------------------|----------|-------|
| Interest             | \$ -     | \$ 57 |
| Federal excise taxes | \$ 4,500 | \$ -  |

GURNEY FOUNDATION, INC  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012  
(Unaudited)

1. Summary of Significant Accounting Policies

Gurney Foundation, Inc. (the Foundation) operates as a private foundation under section 501(c)(3) of The Internal Revenue Code. The significant accounting policies followed by the Foundation are summarized as follows.

a. Security Valuation

Investments in securities were valued at market price by Morgan Stanley

b. Federal Taxes

The Foundation pays a 2% (or if qualified a reduced 1%) federal excise tax on net investment income.

c. Income and Expense Recognition

Interest income and expenses are recognized on the accrual basis

d. Undistributed Income

The Foundation is required to distribute for religious, charitable, educational and scientific purposes an amount determined in accordance with the Internal Revenue Code and Regulations. This amount must be distributed by the end of the next fiscal year of the Foundation. The amount that must be distributed by August 31, 2013 is \$77,000.

2. Restricted Fund

In January 1987, the Foundation received a \$500,000 bequest from the Estate of Robert Gurney. In accordance with a legal opinion furnished to the Foundation, distributions of principal can not be made without obtaining a court order. Income distributions are not restricted.

# Cummings & Carroll, P.C.

Certified Public Accountants

175 Great Neck Road  
Great Neck, NY 11021  
(516) 482-3260  
Fax (516) 482-4067

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON SUPPLEMENTAL MATERIAL

To the Board of Directors  
Gurney Foundation, Inc  
New York, New York

Our review of the basic financial statements included in the preceding section of this report was directed to an expression of limited assurance on those statements taken as a whole. The supplemental material in the following section is presented only for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements. Based on our reviews, we did not become aware of any material modifications that should be made to the supplemental material in order for such information to be in conformity with generally accepted accounting principals when considered in relation to the financial statements taken as a whole.

CUMMINGS & CARROLL, P C



Certified Public Accountants

November 1, 2012  
Great Neck, New York

GURNEY FOUNDATION, INC  
SCHEDULE OF INVESTMENTS  
AUGUST 31, 2012

| Date Acquired            |         | Description  | Cost           | Market Value   |
|--------------------------|---------|--|----------------|----------------|
| Various                  | 428,000 | FHLMC, FNMA, Freddie Mac and GNMA<br>and US Treasury Notes | \$ 344,271     | \$ 360,701     |
| 03/11/10                 | 10,000  | AT&T Inc   | 10,730         | 12,138         |
| 03/11/10                 | 10,000  | Caterpillar Fin Serv Corp                                  | 10,785         | 10,557         |
| 03/11/10                 | 10,000  | Comcast Corp   | 10,956         | 10,613         |
| 03/11/10                 | 10,000  | Florida Power Corp   | 11,091         | 12,086         |
| 03/11/10                 | 6,000   | Hewlett Packard Co   | 6,837          | 6,413          |
| 03/11/10                 | 10,000  | John Deere Capital Corp Due 9/10/18                        | 11,056         | 12,356         |
| 03/11/10                 | 10,000  | John Deere Capital Corp Due 9/9/13                         | 10,976         | 10,473         |
| 03/11/10                 | 15,000  | Wyeth  | 16,766         | 16,099         |
| 05/30/12                 | 125     | shares Accenture, Plc Ireland                              | 7,222          | 7,700          |
| Various                  | 121     | shares Ace Limited   | 6,184          | 8,921          |
| 05/30/12                 | 84      | shares American Tower Corp                                 | 5,504          | 5,914          |
| Various                  | 53      | shares Apple, Inc  | 8,050          | 35,258         |
| 05/30/12                 | 387     | shares Ascena Retail                                       | 7,483          | 7,663          |
| Various                  | 576     | shares AT&T, Inc   | 16,378         | 21,105         |
| 12/03/08                 | 500     | shares Berkshire Hathaway, Inc                             | 33,370         | 42,170         |
| 05/30/12                 | 284     | shares Cardtronics, Inc                                    | 7,955          | 8,023          |
| Various                  | 150     | shares Chevron Corporation                                 | 11,801         | 16,824         |
| 12/04/08                 | 166     | shares Church and Dwight, Inc                              | 4,754          | 9,087          |
| 12/03/08                 | 260     | shares Cisco Systems, Inc                                  | 4,165          | 4,961          |
| 07/28/11                 | 70      | shares Cullen Frost Bankers, Inc                           | 3,809          | 3,892          |
| 07/28/11                 | 424     | shares Cypress Semiconductor Corp                          | 8,491          | 4,923          |
| 11/24/10                 | 320     | shares Dick's Sporting Goods                               | 11,042         | 15,923         |
| Various                  | 614     | shares Donaldson Company, Inc                              | 15,740         | 21,668         |
| 07/28/11                 | 108     | shares Ensco PLC Class A                                   | 5,682          | 6,196          |
| 12/04/08                 | 140     | shares Express Scripts, Inc                                | 3,863          | 8,767          |
| 12/04/08                 | 78      | shares Exxon Mobil Corp                                    | 6,095          | 6,809          |
| Various                  | 246     | shares Freeport-McMoran Copper & Gold, Inc                 | 11,419         | 8,883          |
| 03/11/10                 | 156     | shares Graco Incorporated                                  | 4,720          | 7,706          |
| 07/28/11                 | 130     | shares Hubbell Inc Class B                                 | 8,007          | 10,507         |
| 03/11/10                 | 482     | shares Intel Corp  | 10,236         | 11,968         |
| Various                  | 400     | shares International Paper Co                              | 10,101         | 13,824         |
| 12/04/08                 | 329     | shares Ishare Tr-S&P Sm Cap 600 Index Fd                   | 13,416         | 24,849         |
| 05/30/12                 | 70      | shares Ishares Iboxx \$ Yield Corp Bd Fund                 | 6,207          | 6,463          |
| 12/04/08                 | 1,600   | shares Ishares MSCI EAFE Ind Fund                          | 64,156         | 82,560         |
| Subtotal carried forward |         |  | <u>729,318</u> | <u>854,000</u> |

GURNEY FOUNDATION, INC  
SCHEDULE OF INVESTMENTS  
AUGUST 31, 2012  
(CONTINUED)

| <u>Date Acquired</u> |       |        | <u>Description</u>                  | <u>Cost</u>         | <u>Market Value</u> |
|----------------------|-------|--------|-------------------------------------|---------------------|---------------------|
|                      |       |        | Subtotal carried forward            | <u>729,318</u>      | <u>854,000</u>      |
| Various              | 300   | shares | Ishares T S&P Mid Cap 400 Ind Fd    | 26,316              | 29,172              |
| 05/18/10             | 165   | shares | JPMorgan Chase & Co                 | 6,514               | 6,128               |
| 07/28/11             | 214   | shares | KBR Inc                             | 7,839               | 5,797               |
| 07/28/11             | 119   | shares | Lam Research Corp                   | 4,989               | 4,061               |
| 10/25/11             | 220   | shares | Masimo Corp                         | 4,945               | 4,858               |
| 07/28/11             | 99    | shares | MetLife Inc                         | 3,929               | 3,379               |
| 05/30/12             | 177   | shares | Microsoft Corp                      | 5,188               | 5,455               |
| 05/30/12             | 108   | shares | Omnicom Group                       | 5,260               | 5,548               |
| 12/04/08             | 194   | shares | Oneok, Inc                          | 2,622               | 8,639               |
| 05/30/12             | 444   | shares | Oracle Corp                         | 11,637              | 14,053              |
| 05/30/12             | 76    | shares | Parker Hannifin Corp                | 6,454               | 6,078               |
| 12/04/08             | 90    | shares | Pepsico Inc                         | 4,858               | 6,519               |
| 05/30/12             | 90    | shares | Phillip Morris Intl.                | 7,673               | 8,037               |
| Various              | 1,060 | shares | Powershares DB Comm                 | 28,460              | 30,517              |
| 10/25/11             | 350   | shares | Ind Track Fd                        | 9,718               | 10,077              |
| 07/28/11             | 360   | shares | Powershares S&P Sm Cap Util Port.   | 10,538              | 11,513              |
| 05/30/12             | 200   | shares | Cons Discret Port                   | 6,048               | 6,396               |
| 11/24/10             | 390   | shares | Powershares S&P Sm Cap Util Port    | 10,855              | 12,047              |
| 07/28/11             | 690   | shares | Powershares S&P Sm Cap Fin. Port    | 18,829              | 21,031              |
| 05/30/12             | 330   | shares | Powershares S&P Sm Cap Fin Port     | 9,428               | 10,058              |
| 07/28/11             | 389   | shares | Powershares S&P Cap Info Tech. Port | 11,308              | 11,744              |
| 05/30/12             | 300   | shares | Powershares S&P Cap Info Tech Port. | 8,493               | 9,057               |
| 07/28/11             | 313   | shares | Powershares S&P Sm Cap Indst Port   | 9,063               | 9,118               |
| 05/30/12             | 200   | shares | Powershares S&P Sm Cap Indst Port   | 5,554               | 5,826               |
| 05/18/10             | 260   | shares | Powershares S&P Sm Cap Htcr Port    | 6,547               | 9,420               |
| 05/30/12             | 700   | shares | Powershares S&P Sm Cap Htcr Port    | 23,331              | 25,361              |
| 12/04/08             | 116   | shares | Proctor and Gamble Co               | 7,271               | 7,794               |
| 04/22/09             | 300   | shares | SPDR S&P 500 Trust ET               | 26,042              | 42,348              |
| 03/11/10             | 110   | shares | Tiffany & Co New                    | 5,008               | 6,814               |
| 05/30/12             | 137   | shares | Time Warner Cable Inc New           | 4,763               | 5,692               |
| 12/04/08             | 108   | shares | United Technologies Corp            | 5,130               | 8,624               |
| 10/25/11             | 100   | shares | United Health Group, Inc            | 4,901               | 5,430               |
| 05/18/10             | 2,310 | shares | Vanquard MSCI EAFE ET               | 81,690              | 75,514              |
| Various              | 3,086 | shares | Vanquard Emerging Mkts              | 139,848             | 123,773             |
| 03/11/10             | 320   | shares | Vanquard REIT ETF                   | 15,143              | 21,354              |
| 05/30/12             | 180   | shares | Vanquard REIT ETF                   | 11,236              | 12,011              |
| 11/25/10             | 310   | shares | Verizon Communications              | 10,009              | 13,311              |
| 03/11/10             | 202   | shares | Whiting Petroleum Corp              | 7,955               | 8,993               |
| Various              | 85    | shares | 3M Co                               | 6,375               | 7,871               |
| 07/16/08             | 1,774 | shares | Invesco Van Kampen Sen Inc Tr       | 9,788               | 8,817               |
|                      |       |        |                                     | <u>\$ 1,320,873</u> | <u>\$ 1,482,235</u> |

GURNEY FOUNDATION, INC  
SCHEDULE OF INVESTMENTS  
AUGUST 31, 2011

| Date Acquired            |         |        | Description  | Cost           | Market Value   |
|--------------------------|---------|--------|--|----------------|----------------|
| Various                  | 391,000 |        | FHLMC, FNMA, Freddie Mac and GNMA<br>and US Treasury Notes | \$ 328,902     | \$ 327,954     |
| 07/21/08                 | 25,000  |        | Gibraltar Private Bank CD                                  | 25,000         | 25,913         |
| 09/07/05                 | 25,000  |        | Provident Bank CD  | 25,000         | 25,694         |
| 03/11/10                 | 10,000  |        | AT&T Inc   | 10,730         | 11,456         |
| 03/11/10                 | 10,000  |        | Caterpillar Fin Serv Corp                                  | 10,785         | 10,855         |
| 03/11/10                 | 10,000  |        | Comcast Corp   | 10,956         | 10,969         |
| 03/11/10                 | 10,000  |        | Florida Power Corp   | 11,091         | 12,014         |
| 03/11/10                 | 6,000   |        | Hewlett Packard Co   | 6,837          | 6,660          |
| 03/11/10                 | 10,000  |        | John Deere Capital Corp Due 9/10/18                        | 11,056         | 11,990         |
| 03/11/10                 | 10,000  |        | John Deere Capital Corp Due 9/9/13                         | 10,976         | 10,820         |
| 03/11/10                 | 15,000  |        | Wyeth  | 16,766         | 16,606         |
| Various                  | 121     | shares | Ace Limited  | 6,184          | 7,814          |
| 07/28/11                 | 133     | shares | Altera Corporation   | 5,435          | 4,840          |
| Various                  | 53      | shares | Apple, Inc   | 8,050          | 20,396         |
| Various                  | 576     | shares | AT&T, Inc  | 16,378         | 16,404         |
| 12/03/08                 | 500     | shares | Berkshire Hathaway, Inc                                    | 33,370         | 36,500         |
| Various                  | 150     | shares | Chevron Corporation  | 11,801         | 14,826         |
| 12/04/08                 | 166     | shares | Church and Dwight, Inc                                     | 4,754          | 7,228          |
| 12/03/08                 | 260     | shares | CISCO Systems, Inc   | 4,165          | 4,074          |
| 07/28/11                 | 248     | shares | CMS Energy Corp  | 4,835          | 4,886          |
| 07/28/11                 | 70      | shares | Cullen Frost Bankers Inc                                   | 3,809          | 3,569          |
| 07/28/11                 | 424     | shares | Cypress Semiconductor Corp                                 | 8,614          | 6,716          |
| 12/03/08                 | 38      | shares | Deere and Co   | 1,279          | 3,071          |
| 11/24/10                 | 320     | shares | Dicks Sporting Goods Inc                                   | 11,042         | 11,242         |
| Various                  | 307     | shares | Donaldson Company, Inc                                     | 15,740         | 18,107         |
| 07/28/11                 | 108     | shares | EnSCO P/C Sponsered ADR                                    | 5,682          | 5,212          |
| 12/04/08                 | 140     | shares | Express Scripts, Inc                                       | 3,863          | 6,572          |
| 12/04/08                 | 78      | shares | Exxon Mobil Corp   | 6,095          | 5,774          |
| Various                  | 2,615   | shares | Financial Select Sector                                    | 33,033         | 34,989         |
| 07/28/11                 | 123     | shares | Freeport-McMoran Copper & Gold Inc                         | 6,672          | 5,795          |
| 03/11/10                 | 156     | shares | Graco Incorporated Com                                     | 4,720          | 6,159          |
| 07/28/11                 | 130     | shares | Hubbell Inc CL B   | 8,007          | 7,687          |
| 03/11/10                 | 482     | shares | Intel Corp   | 10,236         | 9,703          |
| Various                  | 400     | shares | International Paper Co                                     | 10,101         | 10,860         |
| 12/04/08                 | 1,029   | shares | Ishare Tr-S&P Sm Cap 600 Index Fnd                         | 41,968         | 67,368         |
| 12/04/08                 | 1,600   | shares | Ishares MSCI Eafe Ind Fund                                 | 64,156         | 85,712         |
| 11/25/10                 | 550     | shares | Ishare Tr-S&P Mid Cap 400 Index Fnd                        | 47,303         | 48,158         |
| 11/24/10                 | 450     | shares | Jeffries Group   | 10,817         | 7,384          |
| 05/18/10                 | 165     | shares | JPMorqan Chase & Co  | 6,514          | 6,197          |
| 07/28/11                 | 214     | shares | KBR Inc  | 7,839          | 6,431          |
| 12/04/08                 | 105     | shares | Lab Corp of America Holdings                               | 6,487          | 8,771          |
| 07/28/11                 | 119     | shares | Lam Research Corp  | 4,989          | 4,422          |
| 07/28/11                 | 99      | shares | MetLife Inc  | 3,929          | 3,326          |
| 12/04/08                 | 59      | shares | Mohawk Inds, Inc   | 1,895          | 2,923          |
| 07/28/11                 | 61      | shares | Newlife Exploration Company                                | 4,198          | 3,114          |
| 12/04/08                 | 97      | shares | Oneok, Inc   | 2,622          | 6,877          |
| Subtotal carried forward |         |        |  | <u>894,681</u> | <u>974,038</u> |

GURNEY FOUNDATION, INC  
SCHEDULE OF INVESTMENTS  
AUGUST 31, 2011  
(CONTINUED)

| <u>Date Acquired</u> |       |        | <u>Description</u>                      | <u>Cost</u>         | <u>Market Value</u> |
|----------------------|-------|--------|---|---------------------|---------------------|
|                      |       |        | Subtotal carried forward                | <u>894,681</u>      | <u>974,038</u>      |
| 12/04/08             | 90    | shares | Pepsico Inc                             | 4,858               | 5,799               |
| Various              | 1,060 | shares | Powershares DB Comm Ind Track Fd        | 28,460              | 31,970              |
| 07/28/11             | 360   | shares | Powershares S&P Sm Cap Cons Discre Port | 10,538              | 9,446               |
| 11/24/10             | 600   | shares | Powershares S&P Sm Cap Utilities Port   | 16,699              | 17,946              |
| 07/28/11             | 690   | shares | Powershares S&P Sm Cap Fin Port         | 18,829              | 17,588              |
| 07/28/11             | 389   | shares | Powershares S&P Sm Cap Info Tech Port   | 11,308              | 10,130              |
| 07/28/11             | 313   | shares | Powershares S&P Sm Cap Indust Port      | 9,063               | 8,329               |
| 05/18/10             | 260   | shares | Powershares S&P Sm Cap Health Care Port | 6,547               | 7,714               |
| 12/04/08             | 23    | shares | Praxair Inc                             | 1,206               | 2,265               |
| 12/04/08             | 116   | shares | Proctor and Gamble Co.                  | 7,271               | 7,387               |
| Various              | 550   | shares | Skyworks Solutions, Inc                 | 12,004              | 11,347              |
| 04/22/09             | 548   | shares | SPDR S&P 500 Trust ET                   | 47,571              | 66,977              |
| 12/04/08             | 82    | shares | Target Corp                             | 2,768               | 4,237               |
| 03/11/10             | 11    | shares | Tiffany & Co New                        | 5,008               | 7,916               |
| 12/04/08             | 108   | shares | United Technologies Corp                | 5,130               | 8,019               |
| 05/18/10             | 2,310 | shares | Vanquard MSCI EAFE ET                   | 81,690              | 78,494              |
| Various              | 3,086 | shares | Vanquard Emerging Mkts                  | 139,848             | 135,568             |
| 03/11/10             | 320   | shares | Vanquard REIT ETF                       | 15,143              | 18,435              |
| 11/25/10             | 310   | shares | Verizon Communications Com              | 10,009              | 11,211              |
| 03/11/10             | 202   | shares | Whiting Petroleum Corp                  | 7,955               | 9,516               |
| Various              | 85    | shares | 3M Co                                   | 6,375               | 7,053               |
| 07/16/08             | 1,774 | shares | Invesco Van Kampen Sen Inc Tr           | 9,788               | 7,770               |
|                      |       |        |   | <u>\$ 1,352,749</u> | <u>\$ 1,459,155</u> |

GURNEY FOUNDATION, INC.  
 SCHEDULE OF CHARITABLE CONTRIBUTIONS  
 FOR THE YEARS ENDED AUGUST 31,

|   | <u>2012</u>      | <u>2011</u>      |
|---|------------------|------------------|
| Big Brothers/Big Sisters                    | \$ 3,000         | \$ 4,000         |
| Casa Valentina                              | -                | 2,000            |
| Central Park Conservancy                    | 7,000            | 7,000            |
| CGCC - Mission One                          | 3,000            | 3,000            |
| Dade County Legal Aid Society               | 4,000            | -                |
| Dunkin Memorial Camp                        | 5,000            | 5,000            |
| Family Counseling Services of Greater Miami | 30,000           | 30,000           |
| Fresh Air Fund                              | 7,000            | 7,000            |
| New Alternatives for Children               | 12,000           | 10,000           |
| Salvation Army                              | 2,000            | -                |
| South Florida S P C A                       | 1,500            | 1,000            |
| Step It Up Recovery Center                  | 1,500            | 1,000            |
| Teen Court of Sarasota                      | <u>2,000</u>     | <u>2,000</u>     |
| Total Contributions                         | <u>\$ 78,000</u> | <u>\$ 72,000</u> |

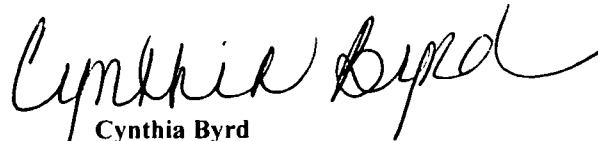
STATE OF NEW YORK  
County of New York, s:

THE ANNUAL RETURN OF THE GURNEY FOUNDATION. For the FISCAL year ended AUGUST 31, 2012 is available at its principal office located at C/O CUMMINGS & CARROL, PC 175 GREAT NECK RD, STE 405 GREAT NECK NY 11021 for inspection during regular business hours by any citizen who requests it within 180 days hereof. Principal Manager of the Foundation is ROBERT P. WITTES, DIRECTOR. 1985444 o15

Mary Pawlina, being duly sworn, says that she is the PRINCIPAL CLERK of the Publisher of the **NEW YORK LAW JOURNAL**, a Daily Newspaper; that the Advertisement hereto annexed has been published in the said **NEW YORK LAW JOURNAL** one time on the 15th day of October, 2012.

TO WIT : OCTOBER 15, 2012

SWORN BEFORE ME, this 15th day  
Of October, 2012.



Cynthia Byrd  
Notary Public, State of New York  
No. 01BY6056945  
Qualified in Kings County  
Commission Expires April 09, 2015