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 October 1 **, 2011, and ending** September 30 **, 20** 12

Name of foundation: KELLY FOUNDATION

A Employer identification number: 68-0175739

Number and street (or P.O. box number if mail is not delivered to street address): 3610 American River Drive

Room/suite: 190

B Telephone number (see instructions): 916-978-4892

City or town, state, and ZIP code: Sacramento, CA 95864

C If exemption application is pending, check here ▶ ☐

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

D 1. Foreign organizations, check here . . . ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation . . ▶ ☐

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

E If private foundation status was terminated under section 507(b)(1)(A), check here . . . . ▶ ☐

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $ 7603606

J Accounting method: ☐ Cash ☑ Accrual ☐ Other (specify) ________ *(Part I, column (d) must be on cash basis.)*

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . . . ▶ ☐

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (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 (attach schedule)	75000			
	2	Check ▶ ☐ if the foundation is not required to attach Sch. B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	180236	180236		
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	36710			
	b	Gross sales price for all assets on line 6a 390000				
	7	Capital gain net income (from Part IV, line 2) . .		36710		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less: Cost of goods sold . . .				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	291946	216946		
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc.	NONE			
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule) STMT 2	1050			1050
	c	Other professional fees (attach schedule) . . .				
	17	Interest				
	18	Taxes (attach schedule) (see instructions) STMT 3	500			
	19	Depreciation (attach schedule) and depletion . .				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule) STMT 4	2292			2292
	24	**Total operating and administrative expenses.** Add lines 13 through 23	3842			3342
	25	Contributions, gifts, grants paid	357750			357750
	26	**Total expenses and disbursements.** Add lines 24 and 25	361592	0		361092
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	-69646			
	b	**Net investment income** (if negative, enter -0-) .		216946		
	c	**Adjusted net income** (if negative, enter -0-) . .				

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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.)

			Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing	33837	7245	7245
	2	Savings and temporary cash investments			
	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 schedule) ▶ 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)			
	b	Investments—corporate stock (attach schedule)			
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule) STMT 5	6637471	7609736	7609736
	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)	6671308	7616981	7616981
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	Total liabilities (add lines 17 through 22)			
Net Assets or Fund Balances		Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☑ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds	6671308	7616981	
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	Total net assets or fund balances (see instructions)	6671308	7616981	
	31	Total liabilities and net assets/fund balances (see instructions)	6671308	7616981	

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	6671308
2	Enter amount from Part I, line 27a	2	-69646
3	Other increases not included in line 2 (itemize) ▶ STMT 6	3	1015319
4	Add lines 1, 2, and 3	4	
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	7616981

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Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	STMT 7			
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) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (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	36710
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 (col. (b) divided by col. (c))
2010	359546	7362006	.04883804767
2009	279015	7189539	.03880846880
2008	308519	5885971	.05241598050
2007	360909	6621181	.05450825162
2006	305509	7056582	.04329418974

2	Total of line 1, column (d)	2	.23786494834
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	.04757299
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	7101140
5	Multiply line 4 by line 3	5	337822
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	2169
7	Add lines 5 and 6	7	339991
8	Enter qualifying distributions from Part XII, line 4	8	361092

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.

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Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ________ (attach copy of letter if necessary—see instructions)				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☑ and enter 1% of Part I, line 27b			1	2169
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).				
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			2	0
3	Add lines 1 and 2			3	2169
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	2169
6	Credits/Payments:				
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a	2106		
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	2106
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	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	63
11	Enter the amount of line 10 to be: **Credited to 2012 estimated tax** ▶ 63 **Refunded** ▶			11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		✓
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		✓
	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		✓
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ NONE **(2)** On foundation managers. ▶ $ NONE			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ NONE			
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		✓
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		✓
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		✓
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		✓
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	✓	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV*	7	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ CALIFORNIA			
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	✓	
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		✓
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses* STMT 1	10	✓	

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

			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		✓
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		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	✓	
	Website address ▶ KELLYFOUDATIONSACRAMENTO.ORG			
14	The books are in care of ▶ Bea Barbee Telephone no. ▶ 916-978-4892			
	Located at ▶ 3610 American River Dr. #190, Sacramento, CA ZIP+4 ▶ 95864-5999			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶ 15			
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		✓
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

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

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ 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		✓
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? ☐ Yes ☑ No			
	If "Yes," list the years ▶ 20___, 20___, 20___, 20___			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions.)	2b		N/A
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20___, 20___, 20___, 20___			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ 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
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		✓
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		✓

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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** ✓

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? **7b** N/A

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
STATEMENT 8		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 ▶ NONE

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 ▶		NONE

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 NONE	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3 ▶	NONE

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	7183478
b	Average of monthly cash balances	1b	28620
c	Fair market value of all other assets (see instructions)	1c	NONE
d	**Total** (add lines 1a, b, and c)	1d	7212098
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) . . . 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	NONE
3	Subtract line 2 from line 1d	3	7212098
4	Cash deemed held for charitable activities. Enter 1 ½ % of line 3 (for greater amount, see instructions)	4	108181
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	7103917
6	**Minimum investment return.** Enter 5% of line 5	6	355196

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	355196
2a	Tax on investment income for 2011 from Part VI, line 5	2a	2169		
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	0		
c	Add lines 2a and 2b			2c	2169
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	353027
4	Recoveries of amounts treated as qualifying distributions			4	NONE
5	Add lines 3 and 4			5	353027
6	Deduction from distributable amount (see instructions)			6	NONE
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1			7	353027

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	361092
b	Program-related investments—total from Part IX-B	1b	NONE
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	361092
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	2169
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	358923

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				353027
2	Undistributed income, if any, as of the end of 2011:				
a	Enter amount for 2010 only			356192	
b	Total for prior years: 20___,20___,20___				
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				
4	Qualifying distributions for 2011 from Part XII, line 4: ▶ $ 361092				
a	Applied to 2010, but not more than line 2a			356192	
b	Applied to undistributed income of prior years (Election required—see instructions)				
c	Treated as distributions out of corpus (Election required—see instructions)				
d	Applied to 2011 distributable amount				4900
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2011 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				NONE
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b	Prior years' undistributed income. Subtract line 4b from line 2b				
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d	Subtract line 6c from line 6b. Taxable amount—see instructions				
e	Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount—see instructions				
f	Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				348127
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8	Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)				
9	**Excess distributions carryover to 2012.** Subtract lines 7 and 8 from line 6a				
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				

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Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1a 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
2a 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 foundation had $5,000 or more in assets at any time during the year—see instructions.)

1 **Information Regarding Foundation Managers:**

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

JON S. KELLY AND GREGORY G. KELLY, MEMBERS OF J.S. KELLY LLC AND G.G. KELLY LLC

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.

N/A

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:

STMT 9

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

STMT 9

c Any submission deadlines:

STMT 9

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

STMT 9

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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*				
STMT 10				
Total . . . . ▶ **3a**				357750
b *Approved for future payment*				
Total . . . . ▶ **3b**				NONE

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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					
4 Dividends and interest from securities			14	180236	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	36710	
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)				216946	

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 216946

(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

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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	1a(1)		✓
	(2) Other assets	1a(2)		✓
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		✓
	(3) Rental of facilities, equipment, or other assets	1b(3)		✓
	(4) Reimbursement arrangements	1b(4)		✓
	(5) Loans or loan guarantees	1b(5)		✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)		✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		✓

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

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

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.

Scott H. Nichols | 12-13-13 | Treasurer

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
ALFRED A. PEGUERO	Alfred A. Peguero	2/8/13		P01344099

Firm's name ▶ PRICEWATERHOUSECOOPERS, LLP — Firm's EIN ▶ 13-4008324

Firm's address ▶ THREE EMBARDERO CENTER, SAN FRANCISCO, CA 94111 — Phone no. 415-498-5000

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

KELLY FOUNDATION

Employer identification number

68-0175739

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	☑ 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

☑ 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 $33\frac{1}{3}$% 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	Employer identification number
KELLY FOUNDATION	68-0175739

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	River City Bank 2485 Natomas Park Drive, Suite 100 Sacramento, CA 95833	$ 75000	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.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

KELLY FOUNDATION 68-0175739

FORM 990PF, PART 1 - LINE 1

Received From		Contribution Received	Date Received
River City Bank	$	25,000	12/22/2011
2485 Natomas Park Dr.		25,000	4/2/2012
Sacramento, CA 95833		25,000	7/9/2012
Total	$	75,000	

Statement 2
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Tax return fees/consulting	$ 1,050			$ 1,050
Total	$ 1,050	$ -	$ -	$ 1,050

Statement 3
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Excise Tax	$ 500			
Total	$ 500	$ -	$ -	$ -

Statement 4
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Association Dues	$ 695			$ 695
Insurance-Liability/D&O	1,297			1,297
Office Expense	300			300
	-			-
Total	$ 2,292	$ -	$ -	$ 2,292

Statement 5
Form 990-PF, Part II, Line 13
Investments-Other

	Valuation Method	Book Value	Fair Market Value
DFA-One Year Fixed Income	Mkt Value	$ 521,090	$ 521,090
DFA- Short Term Government	Mkt Value	179,974	179,974
DFA-US Large Company	Mkt Value	909,246	909,246
DFA-US Micro Cap	Mkt Value	1,318,277	1,318,277
Dodge & Cox-International Fund	Mkt Value	1,563,682	1,563,682
Dodge & Cox-Income Fund	Mkt Value	1,511,082	1,511,082
Dodge & Cox-Stock Fund	Mkt Value	1,199,021	1,199,021
Paydenfunds-Global Fixed Income Fund	Mkt Value	407,364	407,364
	Total	$ 7,609,736	$ 7,609,736

Statement 6
Form 990-PF, Part III, Line 3
Other Increases

Unrealized Gain on Investments	$ 1,015,319
Total	$ 1,015,319

Kelly Foundation #68-0175739
2011 Form 990-PF
Part XV Line 3a

Supplementary Information/Grants and Contributions Paid During the Year

	Status	Purpose	Amount
Sierra Service Project PO Box 992 Carmichael, CA 95609 Mr. Rick Eaton	Public Charity	Weekend of Service for the Oak Park United Methodist Church.	$ 5,000
Teen Center USA 8978 Elk Grove Blvd. Elk Grove, CA 95624 Ms. Laurie Kobliska	Public Charity	TCUSA provides a safe place where teens can learn life skills and build self esteem	$ 10,000
Special Recreation Services, Inc 3660 Baker Lane, Suite 103 Reno, NV 89509 Ms. Jill Gabel	Public Charity	Funding will help provide scholarships to disabled campers at Camp Lotsafun with financial hardships.	$ 5,000
I Can Do That! (formerly VSA Arts of California) 4660 Natomas Blvd., Suite 120-225 Sacramento, CA 95835 Ms. Alice Parente	Public Charity	Artists-in-the-Schools program to 3,000 children with and without disabilities in 60 Sacramento County school sites.	$ 5,000
Stanford Settlement Neighborhood Center 450 West El Camino Avenue Sacramento, CA 95833 Sister Jeanne Felion, SSS	Public Charity	Funding would go toward personnel costs of Teen Center for low socio-economic youth in Sacramento	$ 10,000
Sacramento CASA (Court Appointed Special Advocate Program, Inc.) PO Box 278383 Sacramento, CA 95827 Ms. Carol Noreen	Public Charity	For ongoing recruitment, training, and activation of CASA volunteers to serve older foster care youth.	$ 10,000
Soil Born Farms Urban Agriculture & Education Project PO Box 661175 Sacramento, CA 95866 Mr. Shawn Harrison	Public Charity	Funds would be used for Youth Corps program	$ 5,000
Ronald McDonald House Charities Northern California 2555 49th Street Sacramento, CA 95817 Ms. Stephanie Spees	Public Charity	Hold "Dance for Parkinson's" to help those w/ Parkinson's	$ 10,000
The Regents of the University of California, Davis - Mondavi Center for the Performing Arts One Shields Avenue Davis, CA 95616 Ms. Mandy Jarvis	Public Charity	2011 Basketball training and competition program in northeast region of Special Olympics/ Northern Cal.	$ 7,000
Rotary Club of Sacramento Foundation 355 Commerce Circle Sacramento, CA 95815 Mr. Harold C. Shipley	Public Charity	Funds used by the beneficiaries of "Golf-4-Kids".	$ 5,000

Kelly Foundation #68-0175739
2011 Form 990-PF
Part XV Line 3a

Supplementary Information/Grants and Contributions Paid During the Year

	Status	Purpose	Amount
Yolo County Arts Council dba YoloArts PO Box 8250 Woodland, CA 95776 Ms. Danielle Thomas	Public Charity	Funding will go toward public art commissioning and installation portion of their "Art & Ag project".	$ 2,500
Davis Bridge Educational Foundation 1400 East Eighth Street Davis, CA 95616 Ms. Janet Boulware	Public Charity	Funding is for general operating support of academic tutoring and mentoring program	$ 5,000
Special Olympics Northern California 1401 Halyard Drive #100 West Sacramento, CA 95691 Ms. Rebecca Thompson	Public Charity	Support 8 week basketball training as well as competition costs for an estimated 900 athletes.	$ 7,500
Project DREAM 3222 Winona Way North Highlands, CA 95660 Ms. Kate Bishop	Public Charity	College Bound program	$ 5,000
Sierra Forever Families 8928 Volunteer Lane, Suite 100 Sacramento, CA 95826 Mr. Bobby Cobbs	Public Charity	Find families for 2 children or sibling groups by recruiting/ training families who wish to adopt.	$ 7,500
Ride to Walk 700 Sunrise Ave, Suite O Roseville, CA 95661 Ms. Kristine Corn	Public Charity	Horseback therapy/ recreation riding program for children with neurological handicaps.	$ 5,000
Society for the Blind 1238 S Street Sacramento, CA 95811 Ms. Heather Frank	Public Charity	Youth enrichment program.	$ 5,000
Aerospace Museum of California 3200 Freedom Park Drive McClellan, CA 95652 Mr. James Hopp	Public Charity	Tuskegee Airman Exhibit	$ 4,000
Sacramento Tree Foundation 191 Lathrop Way, Suite D Sacramento, CA 95815 Mr. Ray Tretheway	Public Charity	The Sacramento Tree Foundation's operational expenses will be partially covered by the grant.	$ 10,000
National Multiple Sclerosis - Northern California Chapter 1700 Owens Street, Suite 190 San Francisco, CA 94158 Ms. Janelle Del Carlo	Public Charity	Project Access at Mercy San Juan.	$ 5,000
Friends of the Roseville Public Library PO Box 232 Roseville, CA 95678 Ms. Donna McCulloch	Public Charity	Funding would be used for specialized equipment and materials for the disabled for use at the library.	$ 2,000

Kelly Foundation #68-0175739
2011 Form 990-PF
Part XV Line 3a

Supplementary Information/Grants and Contributions Paid During the Year

	Status	Purpose	Amount
Reading Partners 106 Linden Street, Suite 202 Oakland, CA 94607 Ms. Sarah Lightfoot	Public Charity	325 under-served students will be enrolled in the Reading Partners program if funded.	$ 5,000
EMQ Families First 2100 Fifth Street Davis, CA 95618 Ms. Marsha Lewis-Akyeem	Public Charity	General operating support for the Yolo Crisis Nursery.	$ 5,000
Rebuilding Together PO Box 255584 Sacramento, CA 95825 Ms. Cindy Spackman	Public Charity	Bi-annual Rebuilding Dreams program.	$ 2,500
Fresh Producers 420 I Street, Suite 5 Sacramento, CA 95814 Rabbi David Weschler-Azen, CEO	Public Charity	Funds would go toward their extra fresh food and fitness funds program for students at Will C Wood Middle School and organize kick off event to support program.	$ 6,500
Sacramento/Yolo Mutual Housing Association 8001 Fruitridge Road, Suite A Sacramento, CA 95820 Ms. Allison Fleming	Public Charity	Mutual Housing· Predevelopment of new affordable housing	$ 2,500
Young Life PO Box 189634 Sacramento, CA 95818 Mr. Kevin Eastway	Public Charity	Summer camp scholarships, bus transportation to/from camps, leadership training and mentor/ staff support.	$ 2,000
Luis Palau Association PO Box 3400 Rocklin, CA 95677 Ms. Jamie Berger	Public Charity	Season of Service project - outreach program in Sacramento/ two-day festival celebration	$ 8,000
St. John's Retirement Village/ Stollwood Convalescent Hospital 135 Woodland Avenue Woodland, CA 95695 Mr. John Pritchard	Public Charity	Money would go towards residential services for hospice patients who are medically indigent.	$ 5,000
Kiwanis Family House 2875 50th Street Sacramento, CA 95817 Ms. Rita Beall	Public Charity	Kiwanis Family House Sponsor-A-Family Program	$ 5,000
Cystic Fibrosis Foundation 4804 Granite Drive, Suite F-140 Rocklin, CA 95677 Pete Tucker	Public Charity	CF Care Centers in Sacramento at UCD Med Center and Sutter Medical Center,	$ 5,000
Sacramento Zoological Society 3930 W. Land Park Drive Sacramento, CA 95822 Charlie Weiss	Public Charity	Sacramento Zoo field trip transportation scholarship fund	$ 2,500

Kelly Foundation #68-0175739
2011 Form 990-PF
Part XV Line 3a

Supplementary Information/Grants and Contributions Paid During the Year

	Status	Purpose	Amount
Stanford Youth Solutions 8912 Volunteer Lane Sacramento, CA 95826 Karen Woodruff	Public Charity	Foster parent stipends, training and lifeline fund	$ 5,000
Alzheimer's Association 530 Bercut Drive, Suite A Sacramento, CA 95811 Michelle Johnson	Public Charity	Care giving connections and support.	$ 5,000
Positive Coaching Alliance 1314 H Street, Suite 202 Sacramento, CA 95814 Bill Herenda	Public Charity	(2) PCA workshops - one for coaches and one for competitors.	$ 5,000
KVIE 2030 W. El Camino Ave. Sacramento, CA 95833 Kevin Smith-Fagan	Public Charity	Expansion of literacy program to benefit over 865 children	$ 5,000
Pride Industries Foundation 10030 Foothills Blvd. Roseville, CA 95747 Tricia Ciampa	Public Charity	Youth employment program - operating expenses	$ 7,500
Sacramento Loaves and Fishes PO Box 2161 Sacramento, CA 9512 Bernadette O'Keefe	Public Charity	Replace air conditioning units in dining room and offices.	$ 5,000
Sol Aureus College Prep 6620 Gloria Drive Sacramento, CA 95831 Judy Yang	Public Charity	Imagine Learning English program for elementary ELL students.	$ 5,000
Christian Brothers High School 4315 Martin Luther King, Jr. Blvd. Sacramento, CA 95820 Lorcan Barnes	Public Charity	One year of tuition and fees for one impoverished and deserving student.	$ 5,000
Center for Fathers and Families 920 Del Paso Blvd. Sacramento, CA 95815 Ashley Gayles	Public Charity	Take disadvantaged elementary students on nature trips.	$ 2,000
Center for Equine Health - University of California, Davis One Shields Avenue Davis, CA 95616 Dr. Gregory Ferraro	Public Charity	Half of research fellowship support for Dr. Barbara Gericota.	$ 27,000
Jr. Achievement of Sacramento PO Box 255602 Sacramento, CA 95865 Julie Rooney	Public Charity	Sponsorship of 8 J.A. elementary classes at Regency Park in Sacramento in Twin Rivers District.	$ 3,000

Supplementary Information/Grants and Contributions Paid During the Year

	Status	Purpose	Amount
Mercy Foundation 3400 Data Drive Rancho Cordova, CA 95670 John McIntyre	Public Charity	Enhancements of Cardiac and Pulmonary Rehab Pavilion at Alex G. Spanos Heart & Vascular Center.	$ 10,000
Crocker Art Museum 216 O Street Sacramento, CA 95814 Linda Farley	Public Charity	General operating support	$ 9,250
Restoration Life Church - DBA Sacramento Convoy of Hope 1524 Santa Ynez Way Sacramento, CA 95816 Mr. Norm Rogers	Public Charity	Operating Support for Convoy of Hope event.	$ 5,000
Mustard Seed Spin PO Box 254923 Sacramento, CA 95865 Ms. Victoria Akins	Public Charity	Youth cycling event with proceeds going to Mustard Seed School	$ 4,000
Nor Cal Services for Deaf & Hard of Hearing 4708 Roseville Road, Suite 111 North Highlands, CA 95660 Ms. Molly Bowen	Public Charity	Help fund Camp Grizzly summer camp program for deaf/ hard of hearing children in Northern California.	$ 5,000
Powerhouse Science Center 3615 Auburn Blvd. Sacramento, CA 95821 Ms. Elizabeth Ku	Public Charity	Grant funds would be used toward the permit and development fees	$ 5,000
Marshall Foundation for Community Health PO Box 1996, 1124 Sherman Street Placerville, CA 95667 Ms. Karen Good	Public Charity	Expansion of their cancer center for El Dorado County	$ 2,500
St. John's Shelter Program for Women and Children 2443 Fair Oaks Blvd., #369 Sacramento, CA 95825 Ms. Michele Steeb	Public Charity	Grant funds would be used towards operating costs for job readiness/ employment training program	$ 10,000
Fairytale Town 3901 Land Park Drive Sacramento, CA 95822 Ms. Kathy Fleming	Public Charity	Help establish a Literacy Outreach Program for underserved elementary schools	$ 2,500
Habitat for Humanity - Yolo County 1017 Main Street Woodland, CA 95695 Ms. Diana Walker Smith	Public Charity	Help fund home repair work for low income population	$ 5,000
The Salvation Army of Sacramento 3755 North Freeway Blvd. Sacramento, CA 95834 Captain Hendrik Sumter	Public Charity	Funds will be used for Transitional Living Center in Sacramento.	$ 10,000

Supplementary Information/Grants and Contributions Paid During the Year

	Status	Purpose	Amount
WEAVE, Inc. 1900 K Street Sacramento, CA 95811 Ms. Beth Hassett	Public Charity	Funds will be used to Transitional Housing Project	$ 10,000
American Heart Association 2007 O Street Sacramento, CA 95811 Ms. Melissa Katherine Davis	Public Charity	Family and Friends CPR anytime kits for 375 youth (at $27/kit)	$ 5,000
Senior Gleaners 1951 Bell Avenue Sacramento, CA 95838 Mr. Gary McDonald	Public Charity	Healthy Food Initiative Project	$ 7,000
Cristo Rey HS Sacramento Work Study 6200 McMahon Drive Sacramento, CA 95824 Mr. David Brown	Public Charity	Two work study teams will be funded benefiting local non-profit organizations.	$ 5,000
Midtown Medical Center (MMC) for Children and Families 3701 J Street Sacramento, CA 95816 Mr. Michael Hayes	Public Charity	Funds would be used for operating support.	$ 2,500
Family Promise PO Box 1378 Sacramento, CA 95812 Ms. Marsha Spell	Public Charity	Funds would be used for operating support.	$ 6,000

Granted during Oct 2011 - Sept 2012 year $ 357,750

2011 KELLY FOUNDATION Capital Gains

10/1/2011 through 9/30/2012

STATEMENT 7

Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realized Gain/Loss
SHORT TERM						
DFA-One Year Fixed Inc	23.929	8/9/2011	11/22/2011	247.43	247.90	-0.47
DFA-One Year Fixed Inc	21.350	9/8/2011	11/22/2011	220.76	220.97	-0.21
DFA-One Year Fixed Inc	26.723	10/10/2011	11/22/2011	276.32	276.32	0.00
DFA-US Large Company	261.065	3/8/2011	1/24/2012	2,702.02	2,717.69	-15.67
DFA-US Large Company	405.661	6/8/2011	1/24/2012	4,198.59	4,089.06	109.53
DFA-US Large Company	449.050	9/8/2011	1/24/2012	4,647.67	4,194.13	453.54
DFA-US Large Company	669.425	12/13/2011	1/24/2012	6,928.55	6,453.26	475.29
Dodge & Cox Income Fund	1,174.714	3/28/2011	1/24/2012	15,788.16	15,576.71	211.45
Dodge & Cox Income Fund	1,132.760	6/27/2011	1/24/2012	15,224.29	15,178.99	45.30
Dodge & Cox Income Fund	1,158.875	9/27/2011	1/24/2012	15,575.28	15,331.91	243.37
Dodge & Cox Income Fund	1,220.885	12/20/2011	1/24/2012	16,408.69	16,176.73	231.96
				82,217.76	80,463.67	1,754.09
LONG TERM						
DFA-One Year Fixed Inc	49.069	7/10/2001	11/22/2011	507.37	499.52	7.85
DFA-One Year Fixed Inc	242.482	12/8/2004	11/22/2011	2,507.26	2,468.47	38.79
DFA-One Year Fixed Inc	2,357.564	1/12/2005	11/22/2011	24,377.21	24,000.00	377.21
DFA-One Year Fixed Inc	92.544	2/8/2005	11/22/2011	956.90	942.10	14.80
DFA-One Year Fixed Inc	161.867	6/8/2005	11/22/2011	1,673.70	1,646.19	27.51
DFA-One Year Fixed Inc	206.750	10/10/2006	11/22/2011	2,137.79	2,102.65	35.14
DFA-One Year Fixed Inc	213.246	11/8/2006	11/22/2011	2,204.96	2,168.71	36.25
DFA-One Year Fixed Inc	209.799	2/8/2007	11/22/2011	2,169.32	2,135.75	33.57
DFA-One Year Fixed Inc	233.934	3/8/2007	11/22/2011	2,418.88	2,381.45	37.43
DFA-One Year Fixed Inc	265.299	5/8/2007	11/22/2011	2,743.19	2,700.74	42.45
DFA-One Year Fixed Inc	260.048	11/8/2007	11/22/2011	2,688.88	2,647.27	41.61
DFA-One Year Fixed Inc	226.589	2/8/2008	11/22/2011	2,342.93	2,306.68	36.25
DFA-One Year Fixed Inc	178.243	3/10/2008	11/22/2011	1,843.03	1,814.51	28.52
DFA-One Year Fixed Inc	154.247	4/8/2008	11/22/2011	1,594.91	1,568.69	26.22
DFA-One Year Fixed Inc	129.886	5/8/2008	11/22/2011	1,343.02	1,320.94	22.08
DFA-One Year Fixed Inc	142.845	7/8/2008	11/22/2011	1,477.02	1,452.73	24.29
DFA-One Year Fixed Inc	122.737	8/8/2008	11/22/2011	1,269.10	1,248.24	20.86
DFA-US Large Company	5,396.235	5/7/2010	1/24/2012	55,851.03	47,255.37	8,595.66
DFA-US Large Company	548.033	12/9/2010	1/24/2012	5,672.14	5,315.92	356.22
DFA-US Micro Cap	3,892.427	12/20/1999	5/11/2012	55,000.00	45,852.79	9,147.21
DFA-US Micro Cap	693.001	12/20/1999	7/2/2012	10,000.00	8,163.55	1,836.45
DFA-US Micro Cap	4,129.387	12/20/1999	8/27/2012	60,000.00	48,644.18	11,355.82

2011 KELLY FOUNDATION Capital Gains

10/1/2011 through 9/30/2012

68-0175739

Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realized Gain/Loss
Dodge & Cox Income Fund	2,961.867	1/19/2005	1/24/2012	39,807.49	38,059.99	1,747.50
Dodge & Cox Income Fund	1,357.002	9/25/2009	1/24/2012	18,238.11	17,478.19	759.92
Dodge & Cox Income Fund	666.516	12/21/2009	1/24/2012	8,957.98	8,651.38	306.60
				307,782.22	272,826.01	34,956.21
				389,999.98	353,289.68	36,710.30

STATEMENT 7

Statement 8
Form 990-PF, Part VIII, Line 1
List of Officers, Directors and Trustees

Name and Address	Title	Avg hours/wk	Compensation	Contrib to EBP & DC	Expense Account
Jon S. Kelly 3610 American River Drive, #190 Sacramento, CA 95864	Director	0.15	NONE	NONE	NONE
Gregory G. Kelly 3610 American River Drive, #190 Sacramento, CA 95864	Dir/Pres	0.25	NONE	NONE	NONE
Scott G. Nichols 3610 American River Drive, #190 Sacramento, CA 95864	Dir/Treasurer	0 50	NONE	NONE	NONE
Bea Ann Barbee 3610 American River Drive, #190 Sacramento, CA 95864	Asst. Treas.	0 50	NONE	NONE	NONE
Shawn L. Devlin 3610 American River Drive, #190 Sacramento, CA 95864	Dir/Secretary	0.50	NONE	NONE	NONE
Heidi Mills 3610 American River Drive, #190 Sacramento, CA 95864	Asst. Sec	2.50	NONE	NONE	NONE
Kelly Brothers 3610 American River Drive, #190 Sacramento, CA 95864	Director	0.15	NONE	NONE	NONE
Bob Woods 3610 American River Drive, #190 Sacramento, CA 95864	Director	0.15	NONE	NONE	NONE
Anker Christensen 3610 American River Drive, #190 Sacramento, CA 95864	Director	0.15	NONE	NONE	NONE
Wendy Duer 3610 American River Drive, #190 Sacramento, CA 95864	Director	0.15	NONE	NONE	NONE
Mike Newell 3610 American River Drive, #190 Sacramento, CA 95864	Director	0.15	NONE	NONE	NONE
Stephen Fleming 3610 American River Drive, #190 Sacramento, CA 95864	Director	0.15	NONE	NONE	NONE
Stephen H. Johanson 3610 American River Drive, #190 Sacramento, CA 95864	Director	0.15	NONE	NONE	NONE

KELLY FOUNDATION GRANT DISTRIBUTION GUIDELINES

BACKGROUND

Kelly Broadcasting Company's KCRA-TV (Sacramento-Stockton-Modesto, CA) went on the air on September 5, 1955. As Sacramento's leading news broadcaster, it's slogan, *"Where the News Comes First,"* more than speaks to the KCRA-TV dedication to the community in this area.

For decades, the Kelly family has reached out to the community to enhance quality of life through charitable contributions. The owners of Kelly Broadcasting Co. established the Kelly Foundation in December 1988 as the formal vehicle for structuring charitable contributions to help meet the challenges of its social responsibilities.

The Kelly family sold KCRA-TV in 1999 and will continue the Kelly Foundation. The Kelly Foundation is an expression of the importance the Kelly family places on being a good neighbor and citizen in all the regions where they do business.

GRANT DISTRIBUTION GUIDELINES

1. Kelly Foundation intends to actively seek projects to sponsor, as well as to be responsive to grant applications.

2. Kelly Foundation will consider grant requests in the following categories:

   A. Health and human services;

   B. Education; and

   C. Culture and civic improvement.

   The Foundation directors may also, from time to time, identify areas for special emphasis when emerging needs require extraordinary attention.

3. When deciding how much to grant to whom, the Foundation will give careful consideration to:

   A. How many people will benefit from the project;

B. How many local volunteers are supporting the organization and the project;

C. The commitment and composition of the organization's Board of Directors or Board of Trustees;

D. The extent to which the applicant complements the services of other community organizations;

E. The organization's fiscal responsibility and management qualifications;

F. The ability of the organization to provide ongoing funding after the term of the grant;

G. The extent to which the program addresses underlying causes, rather than just symptoms of specific problems; and

H. How well the organization plans to monitor and evaluate the results of the projects.

4. Grants are generally made for one (1) year only, though a limited number of multi-year grants may be made available.

5. The Kelly Foundation will not consider grants to the following types of organizations or for the following purposes:

A. Religious organizations for explicit religious activities, as distinguished from social or educational activities;

B. Political organizations or political campaigns;

C. Fraternal organizations, labor, societies, or orders;

D. Telephone solicitations; and

E. National fund-raising efforts.

6. The application procedure is described on the application form. An agency funded by the Foundation must agree to submit a timely report on the use of the grant, based on its proposal. The Foundation should be informed of any major changes in the program or staff.

7. The Distribution Committee meets quarterly to consider applications and make grants. However, **an organization may apply only once a year, regardless of what action is taken.**

The annual deadline dates for submission of an application are:

APPLICATION DEADLINE	DECISION DATE
October 15	November 15
January 15	February 15
April 15	May 15
July 15	August 15

KELLY FOUNDATION APPLICATION FORM

Please read carefully:

We would like to give your organization every opportunity to "shine" which is part of the reason for this somewhat lengthy application procedure. Unfortunately, our funds are much more limited than are the needs of the community, so we have to ask detailed questions to distinguish carefully among the projects and organizations. Please be assured that the time and effort you spend on this application is very much appreciated.

Before filling out this form, please review the "Grant Distribution Guidelines" for the Kelly Foundation to be sure your proposal qualifies for consideration.

Please answer each question as concisely as possible, using "not applicable" as your response to those questions you feel are not germane to your proposal. You are welcome to use extra sheets if necessary. Submit an original and (1) copy of the application form prior to the quarterly deadline.

All applications must be accompanied by (1) a copy of the IRC Code or IRS 501(c)(3) Tax Exemption Letter, and (2) your EIN (Employer Identification Number). A detailed project budget must also be attached, as well as a current annual budget and audited financial statement of the organization, if available. Finally, two (2) copies of the roster of the Board of Directors should also be included. A checklist is at the end of this form for your convenience.

1. ORGANIZATION

Name ______________________________

Address ______________________________

____

Contact ______________________________
Name Title

Telephone ______________________________

CHECK LIST

Please attach two (2) copies of each of the following documents to your Application Form:

A.	Annual budget	____________
B.	Detailed project budget	____________
C.	Descriptive brochures, if available	____________

Please submit two (2) copies of each of the following documents with your Application package:

D.	Audited financial statements, if available. Otherwise, please submit a copy of your most recent financial statements and a copy of your latest annual financial statements.	____________
E.	List of officers and board members (include addresses and occupations)	____________
F.	Copy of IRS 501(c)(3) Tax Exemption Determination Letter	____________
G.	EIN – Employer Identification Number	____________

When you application packet is complete, please send it according to the schedule described on the information sheet to:

Kelly Foundation
PO Box 255868
Sacramento, CA 95865-5868

KELLY FOUNDATION APPLICATION FORM

1. What are the major goals of your organization?

2. When was it founded? ______________________

3. What were the major accomplishments of the organization last year?

4. Describe the characteristics and geographical area of the population you serve.

5. Annual income: ______________________

Sources of Income:		Percent to total
a.	Ticket sales or other fees (specify):	________
b.	Membership and individual contributions.	________
c.	United Way or other public charities:	________
d.	Corporate donations (specify):	________
e.	Government (specify):	________
f.	Foundations:	________
g.	Other:	________

6. Please list previous grant applications to the Kelly Foundation:

Date	Purpose	Amount Requested	Amount Approved	Kelly Contact

7. Does your organization engage in activities intending to influence legislation or intervene in any way in political campaigns?

Yes ___________ No ___________

8. Is your organization of the type described in section 509 (a)(3) of the Internal Revenue Code? (See your IRS Tax Exemption Determination Letter.)

PROJECT

9. Amount requested from the Kelly Foundation? ___________

10. When is the funding needed from us? ___________

11. Indicate whether request is for:

Special program ___________

One-time capital expenditure ___________

Operating support ___________

Other ___________

12. List the primary objectives of the project:

13. List the primary methods by which you intend to achieve these objectives:

14. Briefly describe what you intend to do with the money requested, including starting date, benchmarks or milestones, completion date, and public or private organizations you will work with in carrying out your plan. (If this is a capital request, please describe briefly the item(s) needed and the itemized costs. If it is a campaign, describe the components of the drive and the separate dollar goals.)

15. How did you determine that this project would fill an important need in the community?

16. What evidence do you have of community support for your proposal?

17. List other organizations involved in similar projects and indicate the extent of coordination with each, if applicable. (To the extent that your program duplicates others in the area, what distinguishes it from others?)

18. How will the project be monitored and the results evaluated?

19. Total proposed budget: ______________________

Percent requested from Kelly Foundation: ______________

20. Amount requested from other sources:

Name	Amount	Present Status

21. Is there anything else you would like to tell us?

22. How did you hear about the Kelly Foundation? Please include the name of the person who referred you, if applicable.

The preceding information is correct to the best of my knowledge and belief:

Signature ______________________________

Title ______________________________

Date ______________________________

Please have the Chairman of the Board or Chief Executive Officer sign below:

Signature ______________________________

Print Name ______________________________

Date ______________________________