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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

2012

Open to Public Inspection

For calendar year 2012 or tax year beginning , and ending

Name of foundation The Khan Foundation Inc		A Employer identification number 20-0461026
Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see instructions) (800) 839-1754
Foundation Source 501 Silverside Rd		
City or town, state, and ZIP code Wilmington DE 19809-1377		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 2,278,416	J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

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)				
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	66,160	66,160		
	5 a Gross rents				
	b Net rental income or (loss)				
	6 a Net gain or (loss) from sale of assets not on line 10	182,932			
	b Gross sales price for all assets on line 6a 1,991,960				
	7 Capital gain net income (from Part IV, line 2)		182,932		
	8 Net short-term capital gain				
	9 Income modifications				
	10 a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)	134	134			
12 Total. Add lines 1 through 11	249,226	249,226	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16 a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)	23,805	23,805		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	2,672	972		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	22,986	3,488		19,498
	24 Total operating and administrative expenses. Add lines 13 through 23	49,463	28,265	0	19,498
	25 Contributions, gifts, grants paid	1,640,000			1,640,000
26 Total expenses and disbursements Add lines 24 and 25	1,689,463	28,265	0	1,659,498	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-1,440,237				
b Net investment income (if negative, enter -0-)		220,961			
c Adjusted net income (if negative, enter -0-)			0		

For Paperwork Reduction Act Notice, see instructions.

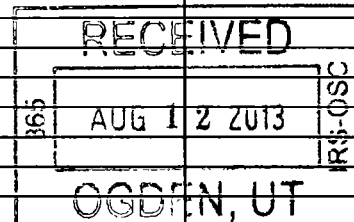
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Form **990-PF** (2012)

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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 (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	120,621	119,097	119,097
	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			
	10 a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	3,250,912	1,838,401	2,000,952
	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)	186,853	160,651	158,367	
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation (attach schedule) ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	3,558,386	2,118,149	2,278,416	
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)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	3,558,386	2,118,149	
30 Total net assets or fund balances (see instructions)	3,558,386	2,118,149		
31 Total liabilities and net assets/fund balances (see instructions)	3,558,386	2,118,149		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,558,386
2 Enter amount from Part I, line 27a	2	-1,440,237
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	2,118,149
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	2,118,149

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 Publicly-traded Securities				
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 1,991,960		1,809,028	182,932	
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			182,932	
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	182,932
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 }			3	0

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

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

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

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

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

(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))
2011	1,641,396	4,413,397	0.371912
2010	734,323	4,584,392	0.160179
2009	580,551	4,654,271	0.124735
2008	683,267	5,968,289	0.114483
2007	377,834	7,589,469	0.049784
2 Total of line 1, column (d)			2 0.821093
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 0.164219
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5			4 3,091,691
5 Multiply line 4 by line 3			5 507,714
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 2,210
7 Add lines 5 and 6			7 509,924
8 Enter qualifying distributions from Part XII, line 4 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.			8 1,659,498

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

1 a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	2,210	
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	2,210	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4		
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	2,210	
6	Credits/Payments			
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	3,946	
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	3,946	
8	Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,736	
11	Enter the amount of line 10 to be Credited to 2013 estimated tax <input type="checkbox"/> 1,736 Refunded <input type="checkbox"/>	11	0	

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T</i>	X	
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> DE		
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 2012 or the taxable year beginning in 2012 (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?	13	X	
Website address ▶				
14	The books are in care of ▶ c/o Foundation Source Telephone no ▶ (800) 839-1754			
Located at ▶ 501 Silverside Road, Suite 123 Wilmington DE ZIP+4 ▶ 19809-1377				
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 2012, 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	Yes	No
See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ▶				X

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

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

		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1b	N/A
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ 20 _____, 20 _____, 20 _____, 20 _____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20 _____, 20 _____, 20 _____, 20 _____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2012 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 2012)	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 2012?	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))?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(2)	Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(3)	Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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		<input type="checkbox"/>		
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?		<input type="checkbox"/> Yes	<input type="checkbox"/> 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?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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				X
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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
SEE ATTACHMENT				

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				
	00			
	00			
	00			
	00			
	00			
	00			

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



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 ▶**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		
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		
2		
3	All other program-related investments See instructions	
Total. Add lines 1 through 3		0

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	2,805,298
b	Average of monthly cash balances	1b	175,108
c	Fair market value of all other assets (see instructions)	1c	158,367
d	Total (add lines 1a, b, and c)	1d	3,138,773
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	
3	Subtract line 2 from line 1d	3	3,138,773
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	47,082
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,091,691
6	Minimum investment return. Enter 5% of line 5	6	154,585

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	154,585
2a	Tax on investment income for 2012 from Part VI, line 5	2a	2,210
b	Income tax for 2012 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,210
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	152,375
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	152,375
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	152,375

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	1,659,498
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,659,498
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	2,210
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,657,288

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				152,375
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			0	
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2012				
a From 2007	12,439			
b From 2008	387,063			
c From 2009	349,367			
d From 2010	513,827			
e From 2011	1,425,998			
f Total of lines 3a through e	2,688,694			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 1,659,498				
a Applied to 2011, but not more than line 2a				
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 2012 distributable amount				152,375
e Remaining amount distributed out of corpus	1,507,123			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	4,195,817			
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				
d Subtract line 6c from line 6b Taxable amount—see instructions				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)	12,439			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	4,183,378			
10 Analysis of line 9				
a Excess from 2008	387,063			
b Excess from 2009	349,367			
c Excess from 2010	513,827			
d Excess from 2011	1,425,998			
e Excess from 2012	1,507,123			

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

<div>Recipient</div> <div>Name and address (home or business)</div>	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 <i>Paid during the year</i>				
CHAMPAIGN COUNTY YMCA FOUNDATION 2501 FIELDS S DR CHAMPAIGN, IL 61822	N/A	509(a)(2)	General & Unrestricted	600,000
JUNIOR LEAGUE OF CHAMPAIGN URBANA INC 3358 BIG PINE TRAIL CHAMPAIGN, IL 61822	N/A	509(a)(2)	Charitable Event	5,000
NO MORE TEARS INC 1560 NW 100TH WAY PLANTATION, FL 33322	N/A	509(a)(1)	General Operations	35,000
UNIVERSITY OF ILLINOIS FOUNDATION 1305 W GREEN ST URBANA, IL 61801	N/A	509(a)(1)	Shahid and Ann Carlson Khan Foundation Building	500,000
UNIVERSITY OF ILLINOIS FOUNDATION 1305 W GREEN ST URBANA, IL 61801	N/A	509(a)(1)	Shahid and Ann Khan Outdoor Tennis Complex	250,000
UNIVERSITY OF ILLINOIS FOUNDATION 1305 W GREEN ST URBANA, IL 61801	N/A	509(a)(1)	Shahid and Ann Khan Professorship in Health Science	250,000
Total			▶ 3a	1,640,000
b <i>Approved for future payment</i>				
Total			▶ 3b	0

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

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	66,160	
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	182,932	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a K-1 Inc/Loss			14	12	
b Foreign Tax Refund			01	122	
c _____					
d _____					
e _____					
12 Subtotal Add columns (b), (d), and (e)		0		249,226	0
13 Total. Add line 12, columns (b), (d), and (e)				13 249,226	249,226

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

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.

	Yes	No
1a(1)		X
1a(2)		X
1b(1)		X
1b(2)		X
1b(3)		X
1b(4)		X
1b(5)		X
1b(6)		X
1c		X

[illegible]

☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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.

Signature of officer or trustee: Xin Khan Date: 7-24-13 Title: President

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 <input type="checkbox"/> if self-employed	PTIN
Jeffrey D. Haskell	Jeffrey D. Haskell	7/22/2013		P01345770
Firm's name ▶ Foundation Source			Firm's EIN ▶ 51-0398347	
Firm's address ▶ One Hollow Lane, Suite 212, Lake Success, NY 11042			Phone no (800) 839-1754	

Part I, Line 11 (990-PF) - Other Income

		134	134	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income
1	K-1 Inc/Loss BACAP DIVERSIFIED REAL ESTATE FUND LP	12	12	
2	Foreign Tax Refund	122	122	

Part I, Line 16c (990-PF) - Other Professional Fees

		23,805	23,805	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	Investment Management Services	23,805	23,805		0

Part I, Line 18 (990-PF) - Taxes

		2,672	972	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
1	Estimated Tax for 2012	1,700	0		0
2	Foreign Tax Paid	972	972		0

Part I, Line 23 (990-PF) - Other Expenses

		22,986	3,488	0	19,498
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
1	Administrative Fees	19,473	0		19,473
2	K-1 Exp BACAP DIVERSIFIED REAL ESTATE FUN	3,488	3,488		0
3	State or Local Filing Fees	25	0		25

Part II, Line 10b (990-PF) - Investments - Corporate Stock

			3,250,912	1,838,401	0	2,000,952
	Description	Num Shares/ Face Value	Book Value Beg of Year	Book Value End of Year	FMV Beg of Year	FMV End of Year
1	3M CO	125		10,661		11,606
2	AETNA INC	139		5,216		6,437
3	AGILENT TECHNOLOGIES INC	142		5,235		5,813
4	ALEXION PHARMACEUTICALS, INC	169		9,394		15,842
5	ALLERGAN INC	152		10,953		13,943
6	ALTRIA GROUP INC	428		9,051		13,456
7	AMAZON COM	87		15,466		21,826
8	AMERISOURCEBERGEN CORP	131		5,035		5,657
9	ASTRAZENECA	283		13,580		13,377
10	AT&T CORP COM	396		14,031		13,349
11	BAIDU COM - ADR	194		23,255		19,456
12	BIOGEN IDEC INC	128		13,518		18,735
13	BOEING CO	152		9,783		11,455
14	CAMBIAR CONQUISTADOR FUND INVESTO	5,456		84,682		101,706
15	CELGENE CORP	237		14,769		18,597
16	CHECK POINT SOFTWARE TECHNOLOGIE	105		4,336		5,002
17	CHEVRON CORP	129		10,091		13,950
18	CISCO SYSTEMS INC	473		9,172		9,294
19	COGNIZANT TECHNOLOGY SOLUTIONS C	213		14,968		15,736
20	COLUMBIA ACORN FUND CLASS Z	2,882		76,456		87,742
21	COLUMBIA ACORN INTL FUND	975		35,439		39,822
22	CONOCOPHILLIPS	256		12,026		14,845
23	DENBURY RESOURCES INC	247		4,015		4,001
24	DIAGEO PLC ADS	94		7,264		10,959
25	DIANA SHIPPING	546		6,476		3,986
26	DOMINION RESOURCES INC	178		7,577		9,220
27	DU PONT DE NEMOURS	266		11,108		11,964
28	EDWARDS LIFESCIENCES	176		16,988		15,870
29	ELI LILLY & CO	276		10,222		13,612
30	EMC CORP-MASS	683		17,456		17,280
31	ENDO PHARMACEUTICALS HOLDINGS INC	213		7,668		5,587
32	EOG RESOURCES INC	153		14,087		18,481
33	ESTEE LAUDER COMPANIES INC	244		11,320		14,606
34	EVEREST RE GROUP LTD	50		4,339		5,498
35	FACEBOOK INC	548		12,373		14,588
36	FASTENAL COMPANY	53		2,445		2,472
37	FIFTH THIRD BANCORP	397		4,564		6,034
38	FMC TECHS INC COM	373		16,651		15,976
39	FOSTER WHEELER AG	294		5,445		7,150
40	FRANKLIN RES INC	109		12,518		13,701
41	GAMESTOP CORP	220		4,586		5,520
42	GENERAL ELECTRIC CO	595		10,653		12,489
43	GENUINE PARTS COMPANY	174		7,156		11,063
44	GILEAD SCIENCES INC	191		12,537		14,029
45	GOOGLE INC CL A	23		13,714		16,270
46	H J HEINZ COMPANY	212		9,877		12,228
47	HARBOR FDS INTL FD	2,389		152,738		148,391
48	HCC INS HLDGS INC	162		4,947		6,028

Part II, Line 10b (990-PF) - Investments - Corporate Stock

		3,250,912	1,838,401	0	2,000,952
Description	Num Shares/ Face Value	Book Value Beg of Year	Book Value End of Year	FMV Beg of Year	FMV End of Year
49 HEALTH CARE PPTY INVS INC	301		10,117		13,593
50 HEALTH CARE REIT INC	228		10,567		13,974
51 HSBC HLDGS PLC ADS	221		11,367		11,728
52 INTEL CORP	692		14,210		14,269
53 ISHARES MSCI EMERGING MARKETS INDE	4,215		154,235		186,936
54 ITT CORP	276		5,302		6,475
55 JOHNSON & JOHNSON	210		12,563		14,721
56 JP MORGAN CHASE & CO	221		10,088		9,717
57 KIMBERLY CLARK CORP	158		10,048		13,340
58 KRAFT FOODS GROUP, INC	99		3,117		4,502
59 L-3 COMMUNICATIONS CORP	91		6,867		6,972
60 LAS VEGAS SANDS CORP	491		20,885		22,665
61 LIBERTY MEDIA CORPORATION COM	113		9,635		13,109
62 LINKEDIN CORPORATION CLASS A	191		21,117		21,931
63 LOEWS CORP	172		7,212		7,009
64 LULULEMON ATHLETICA INC	213		10,160		16,237
65 MARVELL TECH GROUP	594		4,928		4,312
66 MERCK & CO INC	355		11,111		14,534
67 MICHAEL KORS HOLDINGS LIMITED O	431		20,446		21,994
68 MICROSOFT CORPORATION	511		13,540		13,649
69 MONDELEZ INTERNATIONAL INC	351		6,872		8,934
70 MURPHY OIL CP HLDG	122		7,418		7,265
71 NEXTERA ENERGY, INC	198		10,536		13,700
72 NOVO NORDISK A S	93		11,591		15,179
73 PHILIP MORRIS INTL	151		7,598		12,630
74 PIMCO COMMODITY REAL RETURN STRAT	26,866		234,710		178,389
75 PIMCO TOTAL RETURN FUND	17,415		185,814		195,745
76 PRECISION CASTPARTS	79		11,165		14,964
77 PRICELINE COM INCORPORATED	26		12,932		16,130
78 QEP RESOURCES INC	175		5,167		5,297
79 QUALCOMM INC	290		15,644		17,939
80 RAYTHEON CO	240		12,645		13,814
81 REDWOOD TR INC	337		5,131		5,692
82 REGIONS FINANCIAL CORP	966		5,348		6,888
83 ROYAL DUTCH SHEL PLC SPONS ADR B	196		14,209		13,894
84 SALESFORCE COM	115		14,377		19,332
85 SOHU COM INC	150		6,835		7,101
86 TESSERA TECHNOLOGIES INC	430		6,860		7,074
87 TRAVELERS COMPANIES INC	175		9,824		12,569
88 UNILEVER N V N Y	326		9,238		12,486
89 UNITED THERAPEUTICS CORP	82		3,500		4,380
90 VERIZON COMMUNICATIONS	255		8,813		11,034
91 VISA INC	128		12,558		19,402
92 VISTEON CP	157		9,209		8,450
93 VODAFONE GROUP PLC	492		13,902		12,393
94 WESTERN DIGITAL CORP	100		2,961		4,249
95 WESTERN UNION CO	331		5,545		4,505
96 YUM BRANDS INC	288		18,683		19,123

Part II, Line 10b (990-PF) - Investments - Corporate Stock

		3,250,912	1,838,401	0	2,000,952	
Description		Num Shares/ Face Value	Book Value Beg of Year	Book Value End of Year	FMV Beg of Year	FMV End of Year
97	ZIONS BANCORP	284		5,960		6,078

Part II, Line 13 (990-PF) - Investments - Other

		186,853		160,651	158,367
Asset Description		Basis of Valuation	Book Value Beg of Year	Book Value End of Year	FMV End of Year
1	BACAP DIVERSIFIED REAL ESTATE FUND			160,651	158,367

Part VII-A, Line 5 (990-PF) - Substantial Contraction Explanation

This statement is submitted to report the distribution of certain assets during the above-referenced year. The distributions resulted in a substantial contraction of assets.
The following information is submitted in accordance with Treasury Regulation Section 1.6043-3(a)(1) and the Form 990-PF instructions.
During the taxable year ending December 31, 2012, The Khan Foundation Inc (the "Foundation") made distributions from assets from sources other than current income. Collectively, the distributions in excess of current income totaled \$1,640,000.
This amount represents over 25% of the Foundation's net assets of \$3,561,427 (as measured by fair market value) at the beginning of the Foundation's taxable year ending December 31, 2012.
Although the Foundation technically experienced a "substantial contraction," it will continue in existence and has no plans for dissolution.
The Foundation made distributions of cash to the grantees listed in the attachment to Part XV, Line 3a, each such grant was made solely for the charitable purpose specified therein.

Part VIII, Line 1 (990-PF) - Compensation of Officers, Directors, Trustees and Foundation Managers

000												
	Name	Check "X" if Business	Street	City	State	Zip Code	Foreign Country	Title	Avg Hrs Per Week	Compensation	Benefits	Expense Account
1	Ann Margaret Khan		Foundation Source 501 Silverside Rd	Wilmington	DE	19809		Pres / Dir / Sec	1.00	0	0	0
2	Antony Rafiq Khan		Foundation Source 501 Silverside Rd	Wilmington	DE	19809		VP / Dir	1.00	0	0	0
3	Samina Khan		Foundation Source 501 Silverside Rd	Wilmington	DE	19809		VP	1.00	0	0	0
4	Shahid Rafiq Khan		Foundation Source 501 Silverside Rd	Wilmington	DE	19809		VP / Dir	1.00	0	0	0
5	Shanna Noelle Khan		Foundation Source 501 Silverside Rd	Wilmington	DE	19809		VP	1.00	0	0	0
6	Zakia Khan		Foundation Source 501 Silverside Rd	Wilmington	DE	19809		VP	1.00	0	0	0