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

Department of the Treasury  
Internal Revenue Service

**Note.** The foundation may be able to use a copy of this return to satisfy state reporting requirements

**Open to Public Inspection**

**For calendar year 2012 or tax year beginning , 2012, and ending , 20**

Name of foundation <b>THE VARNEY FOUNDATION</b>		<b>A Employer identification number</b> 62-1811033
Number and street (or P O box number if mail is not delivered to street address) <b>PO BOX 140260</b>		<b>B Telephone number (see instructions)</b> 615-883-8881
City or town, state, and ZIP code <b>NASHVILLE, TN 37214</b>		<b>C</b> If exemption application is pending, check here <input type="checkbox"/> <b>D 1</b> Foreign organizations, check here <input type="checkbox"/> <b>D 2</b> Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> <b>E</b> If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> <b>F</b> If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
<b>G</b> Check all that apply	<input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Address change	
<b>H</b> 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	
<b>I</b> Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ <b>1,814,779.00</b>	<b>J</b> Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>Part I Analysis of Revenue and Expenses</b> (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))				
<b>1</b> Contributions, gifts, grants, etc., received (attach schedule)				
<b>2</b> Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
<b>3</b> Interest on savings and temporary cash investments				
<b>4</b> Dividends and interest from securities	53,547.00	53,547.00		
<b>5a</b> Gross rents				
<b>b</b> Net rental income or (loss)				
<b>6a</b> Net gain or (loss) from sale of assets not on line 10				
<b>b</b> Gross sales price for all assets on line 6a				
<b>7</b> Capital gain net income (from Part IV, line 2)		3,682.00		
<b>8</b> Net short-term capital gain				
<b>9</b> Income modifications				
<b>10a</b> Gross sales less returns and allowances				
<b>b</b> Less: Cost of goods sold				
<b>c</b> Gross profit or (loss) (attach schedule)				
<b>11</b> Other income (attach schedule)	18,683.00			
<b>12</b> Total. Add lines 1 through 11	72,230.00	57,229.00		
<b>13</b> Compensation of officers, directors, trustees, etc.	1,800.00	1,800.00		
<b>14</b> Other employee salaries and wages				
<b>15</b> Pension plans, employee benefits				
<b>16a</b> Legal fees (attach schedule)	2,284.00	2,284.00		
<b>b</b> Accounting fees (attach schedule)	8,741.00	8,741.00		
<b>c</b> Other professional fees (attach schedule)				
<b>17</b> Interest				
<b>18</b> Taxes (attach schedule) (see instructions)	1,096.00	1,096.00		
<b>19</b> Depreciation (attach schedule) and depletion				
<b>20</b> Occupancy				
<b>21</b> Travel, conferences, and meetings	3,652.00			3,652.00
<b>22</b> Printing and publications				
<b>23</b> Other expenses (attach schedule)	2,914.00	2,914.00		
<b>24</b> Total operating and administrative expenses. Add lines 13 through 23	20,487.00	16,835.00		3,652.00
<b>25</b> Contributions, gifts, grants paid	115,500.00			115,500.00
<b>26</b> Total expenses and disbursements. Add lines 24 and 25	135,987.00	16,835.00		119,152.00
<b>27</b> Subtract line 26 from line 12				
<b>a</b> Excess of revenue over expenses and disbursements	(63,757.00)			
<b>b</b> Net investment income (if negative, enter -0-)		40,394.00		
<b>c</b> Adjusted net income (if negative, enter -0-)				

6107 I & NON FINANCIAL Operating and Administrative Expenses

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<b>Part II Balance Sheets</b>		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		
<b>Assets</b>	1	Cash - non-interest-bearing . . . . .	52,975.00	62,734.00	62,734.00	
	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 . . . . .				
	10 a	Investments - U S and state government obligations (attach schedule) . . . . .				
	b	Investments - corporate stock (attach schedule) . . . . .	939,980.00	963,367.00	1,284,486.00	
	c	Investments - corporate bonds (attach schedule) . . . . .	558,640.00	459,736.00	467,559.00	
	11	Investments - land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶				
	12	Investments - mortgage loans . . . . .				
	13	Investments - other (attach schedule) . . . . .				
	14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶				
15	Other assets (describe ▶ )					
16	<b>Total assets</b> (to be completed by all filers - see the instructions Also, see page 1, item I) . . . . .	1,551,595.00	1,485,837.00	1,814,779.00		
<b>Liabilities</b>	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	<b>Total liabilities</b> (add lines 17 through 22) . . . . .					
<b>Net Assets or Fund Balances</b>	<b>Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/></b> <b>and complete lines 24 through 26 and lines 30 and 31.</b>					
	24	Unrestricted . . . . .				
	25	Temporarily restricted . . . . .				
	26	Permanently restricted . . . . .				
	<b>Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input type="checkbox"/></b>					
	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 . . . . .	1,551,595.00	1,485,837.00		
	30	<b>Total net assets or fund balances</b> (see instructions) . . . . .	1,551,595.00	1,485,837.00		
31	<b>Total liabilities and net assets/fund balances</b> (see instructions) . . . . .	1,551,595.00	1,485,837.00			

**Part III Analysis of Changes in Net Assets or Fund Balances**

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return) . . . . .	1	1,551,595.00
2	Enter amount from Part I, line 27a . . . . .	2	(63,757.00)
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3 . . . . .	4	1,487,838.00
5	Decreases not included in line 2 (itemize) ▶ <b>PRIOR TAX ADJUSTMENT (BASIS)</b> . . . . .	5	2,001.00
6	<b>Total net assets or fund balances at end of year</b> (line 4 minus line 5) - Part II, column (b), line 30 . . . . .	6	1,485,837.00

**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.)
<b>1a</b>	50000 BANK OF AMERICA BONDS	P	02/23/05	07/25/12
<b>b</b>	75000 GECC BONDS	P	08/23/07	12/17/12
<b>c</b>	30000 MERRILL LYNCH BONDS	P	05/14/07	01/10/12
<b>d</b>				
<b>e</b>				
(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)	
<b>a</b> 50,992.00		50,992.00		
<b>b</b> 75,000.00		72,300.00	2,700.00	
<b>c</b> 30,000.00		29,018.00	982.00	
<b>d</b>				
<b>e</b>				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(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		
<b>a</b>				
<b>b</b>				2,700.00
<b>c</b>				982.00
<b>d</b>				
<b>e</b>				
<b>2</b> 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 }		<b>2</b>	3,682.00
<b>3</b> 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			<b>3</b>	

**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))
2011	110,231.00	1,783,961.00	0.0618
2010	105,156.00	1,696,824.00	0.0620
2009	154,426.00	1,559,651.00	0.0990
2008	124,368.00	1,925,813.00	0.0646
2007	123,402.00	2,275,297.00	0.0542
<b>2</b> Total of line 1, column (d)			<b>2</b> 0.3416
<b>3</b> 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			<b>3</b> 0.0683
<b>4</b> Enter the net value of noncharitable-use assets for 2012 from Part X, line 5			<b>4</b> 1,790,862.97
<b>5</b> Multiply line 4 by line 3			<b>5</b> 122,315.94
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)			<b>6</b> 403.94
<b>7</b> Add lines 5 and 6			<b>7</b> 122,719.88
<b>8</b> 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			<b>8</b> 119,152.00

**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 <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 type="checkbox"/> and enter 1% of Part I, line 27b . . . . .	1	808.00
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	
3	Add lines 1 and 2 . . . . .	3	808.00
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-) . . . . .	4	
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0- . . . . .	5	808.00
6	Credits/Payments		
a	2012 estimated tax payments and 2011 overpayment credited to 2012 . . . . .	6a	
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	
8	Enter any <b>penalty</b> for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached . . . . .	8	
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b> . . . . .	9	808.00
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b> . . . . .	10	
11	Enter the amount of line 10 to be <b>Credited to 2013 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>	11	

**Part VII-A Statements Regarding Activities**

	Yes	No
1a		X
b		X
c		X
d		
e		
2		X
3		X
4a		X
4b		
5		X
6	X	
7	X	
8a		
8b	X	
9		X
10		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 E.C. HARDISON, III Telephone no 615-883-8881
Located at 2821 LEBANON ROAD SUITE 102 NASHVILLE, TN ZIP+4 37214
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 X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country

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

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

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 X
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes X No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes X No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes X 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 X 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 X 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
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 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? . . . . . Yes X No
If "Yes," list the years
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
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? . . . . . Yes X 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
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))?  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**

Organizations relying on a current notice regarding disaster assistance check here

**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?  Yes  No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

**6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No **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?  Yes  No **7b**

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
E.C. HARDISON, III PO BOX 140260 NASHVILLE, TN 37214	DIRECTOR 2.0	600.00		
JANE HALE-VARNEY PO BOX 140260 NASHVILLE, TN 37214	DIRECTOR 2.0	600.00		
WILLIAM W. GIBSON PO BOX 140260 NASHVILLE, TN 37214	DIRECTOR 2.0	600.00		

**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**

**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 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	
3 All other program-related investments See instructions	

Total. Add lines 1 through 3 . . . . . ▶

**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	1,734,444.00
b	Average of monthly cash balances	1b	83,691.00
c	Fair market value of all other assets (see instructions)	1c	
d	<b>Total</b> (add lines 1a, b, and c)	1d	1,818,135.00
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	1,818,135.00
4	Cash deemed held for charitable activities Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	27,272.03
5	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,790,862.97
6	<b>Minimum investment return.</b> Enter 5% of line 5	6	89,543.15

**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	89,543.15
2a	Tax on investment income for 2012 from Part VI, line 5	2a	808.00
b	Income tax for 2012 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	808.00
3	Distributable amount before adjustments Subtract line 2c from line 1	3	88,735.15
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	88,735.15
6	Deduction from distributable amount (see instructions)	6	
7	<b>Distributable amount as adjusted</b> Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	88,735.15

**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	119,152.00
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	<b>Qualifying distributions.</b> Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	119,152.00
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	
6	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	119,152.00

**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
<b>1</b> Distributable amount for 2012 from Part XI, line 7 . . . . .				88,735.15
<b>2</b> Undistributed income, if any, as of the end of 2012				
<b>a</b> Enter amount for 2011 only . . . . .				
<b>b</b> Total for prior years 20____, 20____, 20____				
<b>3</b> Excess distributions carryover, if any, to 2012				
<b>a</b> From 2007 . . . . .	15,489.00			
<b>b</b> From 2008 . . . . .	28,477.00			
<b>c</b> From 2009 . . . . .	76,561.00			
<b>d</b> From 2010 . . . . .	21,069.00			
<b>e</b> From 2011 . . . . .	21,694.00			
<b>f</b> Total of lines 3a through e . . . . .	163,290.00			
<b>4</b> Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ <u>119,152.00</u>				
<b>a</b> Applied to 2011, but not more than line 2a . . . . .				
<b>b</b> Applied to undistributed income of prior years (Election required - see instructions) . . . . .				
<b>c</b> Treated as distributions out of corpus (Election required - see instructions) . . . . .				
<b>d</b> Applied to 2012 distributable amount . . . . .				88,735.15
<b>e</b> Remaining amount distributed out of corpus . . . . .	30,417.00			
<b>5</b> Excess distributions carryover applied to 2012 (if an amount appears in column (d), the same amount must be shown in column (a) )				
<b>6</b> Enter the net total of each column as indicated below:				
<b>a</b> Corpus Add lines 3f, 4c, and 4e Subtract line 5	193,707.00			
<b>b</b> Prior years' undistributed income Subtract line 4b from line 2b				
<b>c</b> 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 . . . . .				
<b>d</b> Subtract line 6c from line 6b Taxable amount - see instructions . . . . .				
<b>e</b> Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount - see instructions . . . . .				
<b>f</b> Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013 . . . . .				
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions) . . . . .				
<b>8</b> Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions) . . . . .	15,489.00			
<b>9</b> Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a . . . . .	178,218.00			
<b>10</b> Analysis of line 9				
<b>a</b> Excess from 2008 . . . . .	28,477.00			
<b>b</b> Excess from 2009 . . . . .	76,561.00			
<b>c</b> Excess from 2010 . . . . .	21,069.00			
<b>d</b> Excess from 2011 . . . . .	21,694.00			
<b>e</b> Excess from 2012 . . . . .	30,417.00			

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling . . . . . **N/A**

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			(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed . . . . .					
b 85% of line 2a . . . . .					
c Qualifying distributions from Part XII, line 4 for each year listed . . . . .					
d Amounts included in line 2c not used directly for active conduct of exempt activities . . . . .					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c . . . . .					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets . . . . .					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i) . . . . .					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X line 6 for each year listed . . . . .					
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties) . . . . .					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii) . . . . .					
(3) Largest amount of support from an exempt organization . . . . .					
(4) Gross investment income . . . . .					

**Part XV Supplementary Information** (Complete this part only if the 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) )

**NONE**

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

**NONE**

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

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

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed

**NOT APPLICABLE**

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

**NOT APPLICABLE**

c Any submission deadlines

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

**NOT APPLICABLE**

**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 <i>Paid during the year</i> JIM VARNEY SCHOLARSHIP FUND 10920 WILSHIRE BLVD, STE 1400 LOS ANGELES, CA 90024		PUBLIC		115,500.00
<b>Total</b> ..... ▶ 3a				<b>115,500.00</b>
b <i>Approved for future payment</i> JIM VARNEY SCHOLARSHIP FUND 10920 WILSHIRE BLVD, STE 1400 LOS ANGELES, CA 90024		PUBLIC	SEE ATTACHED	121,400.00
<b>Total</b> ..... ▶ 3b				<b>121,400.00</b>





THE VARNEY FOUNDATION  
FORM 990-PF  
12/31/2012

PART 1-LINE 11-OTHER INCOME

RESIDUALS FROM DECEASED ACTOR/FOUNDER	\$18,683 00
<b>TOTAL</b>	<b><u>\$18,683.00</u></b>

PART 1-LINE 16A-LEGAL FEES

WYATT, TARRANT & COMBS, LLP FOR CONTRACT NEGOTIATION ON RESIDUALS, AND REVIEW OF POSSIBLE NEW INCOME SOURCES USING NAME OF JIM VARNEY	<b><u>\$2,284.00</u></b>
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PART 1-LINE 16B-ACCOUNTING FEES

ERWIN HARDISON & CO., P C. FOR MONTHLY AND ANNUAL ACCOUNTING PAYING OF BILLS, INSURANCE RENEWALS, PREPARATION OF FORM 990-PF	<b><u>\$8,741.00</u></b>
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PART 1-LINE 18-TAXES

FOREIGN TAX PAID ON DIVIDENDS FROM INVESTMENT ACCOUNT	\$435 00
990-PF INVESTMENT TAX	\$661 00
<b>TOTAL</b>	<b><u>\$1,096.00</u></b>

PART 1-LINE 21-TRAVEL, CONFERENCES AND MEETINGS

2 DIRECTORS TO UCLA FOR SCHOLARSHIP MEETINGS	<b><u>\$3,652.00</u></b>
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PART 1-LINE 23-OTHER EXPENSES

STORAGE	\$1,053 00
SECRETARY OF STATE ANNUAL FEE	\$20 00
	\$38 00
INSURANCE-DIRECTOR'S LIABILITY	\$1,108.00
ASSOCIATION OF SMALL FOUNDATIONS-DUES	<u>\$695 00</u>
<b>TOTAL</b>	<b><u>\$2,914.00</u></b>

**THE VARNEY FOUNDATION**  
**FORM 990-PF**  
**12/31/2012**

**PART II-LINE 10B-INVESTMENTS CORPORATE STOCK**

	<b>COST</b>	<b>FAIR VALUE</b>
EURO PACIFIC GROWTH FUND	\$112,259 00	\$149,892 00
FUNDAMENTAL INVESTORS INCOME FUND	\$219,330.00	\$316,386 00
GROWTH FUND OF AMERICA, INC.	\$202,378 00	\$308,273 00
INCOME FUND OF AMERICA, INC.	\$224,578.00	\$242,820.00
SMALL CAP WORLD FUND, INC.	\$114,581 00	\$170,478 00
WASHINGTON MUTUAL INVESTORS FUND, INC.	<u>\$90,241 00</u>	<u>\$96,637 00</u>
<b>TOTAL</b>	<b><u>\$963,367.00</u></b>	<b><u>\$1,284,486.00</u></b>

**PART II-LINE 10C-INVESTMENTS-CORPORATE BONDS**

	<b>COST</b>	<b>FAIR VALUE</b>
KENTUCKY ECON DFA NOTES	\$99,986 00	\$97,555 00
GENERAL ELECTRIC CAPITAL CORP INTERNOTES	\$22,000 00	\$22,090.00
BEXAR, TEXAS MET WATER DIST	\$25,220.00	\$25,998 00
CAROL STREAM IL PK DIST BONDS	\$65,904.00	\$65,513 00
EVANSVILLE CITY	\$29,447.00	\$28,878.00
DE MOTTE IN MUNI FACS	\$25,208.00	\$26,717 00
WYOMING CMNTY DEV AUTHORITY	\$76,295 00	\$77,853 00
MEMPHIS SHELBY COUNTY TN	\$26,120.00	\$26,310 00
LAWRENCE, IN WATERWORKS BONDS	\$89,556.00	\$96,645 00
<b>TOTAL</b>	<b><u>\$459,736.00</u></b>	<b><u>\$467,559.00</u></b>



**PURPOSE OF GRANT OR CONTRIBUTION  
(ATTACHMENT FOR PART XV)**

**PART XV SUPPLEMENTARY INFORMATION  
#3 GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR OR APPROVED  
FOR FUTURE PAYMENT**

**PURPOSE OF GRANT OR CONTRIBUTION (FOR BOTH PAYMENT DURING  
THE YEAR AND FUTURE PAYMENT)**

**THE PURPOSE SHALL BE TO PROVIDE FULL SCHOLARSHIP SUPPORT,  
INCLUDING TUITION, BOOKS, ROOM, BOARD, AND SUPPLIES, TO THREE  
ENTERING COLLEGE STUDENTS IN GOOD STANDING WHO: (A) ARE  
PURSUING A DEGREE IN THE COLLEGE OF LETTERS AND SCIENCE, (B)  
HAVE AN INTEREST IN PURSUING A CAREER IN ACTING AND/OR DRAMA,  
(C) PREFERABLY ARE RESIDENTS OF THE STATES OF TENNESSEE AND/OR  
KENTUCKY, AND (D) DEMONSTRATE FINANCIAL NEED.**

