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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 Kinney Family Foundation		A Employer identification number 65-1205543
Number and street (or P O box number if mail is not delivered to street address) 3001 Sandy Hook Drive	Room/suite	B Telephone number (see instructions) 651-484-6328
City or town, state, and ZIP code Roseville MN 55113		C If exemption application is pending, check here <input type="checkbox"/> ④
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"/> ④ 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> ④
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"/> ④
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ♦ \$ 8,467,082	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"/> ④

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))

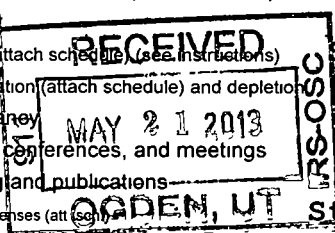
	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue				
1 Contributions, gifts, grants, etc., received (attach schedule)				
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	7,372	7,372	7,372	
4 Dividends and interest from securities	152,008	152,008	152,008	
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	314,173			
b Gross sales price for all assets on line 6a 2,452,901				
7 Capital gain net income (from Part IV, line 2)		314,173		
8 Net short-term capital gain			0	
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) Stmt 1	-1,050		-1,050	
12 Total. Add lines 1 through 11	472,503	473,553	158,330	
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc	0			
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule) Stmt 2	890	890		
c Other professional fees (attach schedule) Stmt 3	26,928	26,928		
17 Interest	11	11		
18 Taxes (attach schedule) (see instructions) Stmt 4	3,635	3,635		
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule) Stmt 5	203			
24 Total operating and administrative expenses. Add lines 13 through 23	31,667	31,464	0	0
25 Contributions, gifts, grants paid	394,100			394,100
26 Total expenses and disbursements. Add lines 24 and 25	425,767	31,464	0	394,100
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	46,736			
b Net investment income (if negative, enter -0-)		442,089		
c Adjusted net income (if negative, enter -0-)			158,330	

For Paperwork Reduction Act Notice, see instructions.

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	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash – non-interest-bearing	1,512	4,543	4,543
	2 Savings and temporary cash investments	251,523	333,189	333,189
	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 ♦	0		
	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) See Stmt 6	1,682,098	1,724,636	1,724,636
	c Investments – corporate bonds (attach schedule)			
	11 Investments – land, buildings, and equipment basis ♦ Less accumulated depreciation (attach sch) ♦			
	12 Investments – mortgage loans			
	13 Investments – other (attach schedule) See Statement 7	5,936,974	6,404,714	6,404,714
	14 Land, buildings, and equipment basis ♦ Less accumulated depreciation (attach sch) ♦			
	15 Other assets (describe ♦)			
	16 Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)	7,872,107	8,467,082	8,467,082
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 and complete lines 24 through 26 and lines 30 and 31. ♦ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ♦ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	7,872,107	8,467,082	
	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)	7,872,107	8,467,082	
	31 Total liabilities and net assets/fund balances (see instructions)	7,872,107	8,467,082	

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	7,872,107
2 Enter amount from Part I, line 27a	2	46,736
3 Other increases not included in line 2 (itemize) ♦ See Statement 8	3	554,089
4 Add lines 1, 2, and 3	4	8,472,932
5 Decreases not included in line 2 (itemize) ♦ See Statement 9	5	5,850
6 Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	8,467,082

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 See Worksheet				
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) FMV 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)	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>	2	314,173
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	-7,396

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	400,320	8,282,111	0.048336
2010	339,860	7,767,613	0.043753
2009	402,156	6,822,313	0.058947
2008	454,694	8,109,878	0.056067
2007	408,963	9,295,828	0.043994

2 Total of line 1, column (d)	2	0.251097
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	0.050219
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	8,204,458
5 Multiply line 4 by line 3	5	412,020
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	4,421
7 Add lines 5 and 6	7	416,441
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	394,100

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	8,842
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	8,842
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	8,842
6	Credits/Payments		
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	4,800
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	4,800
8	Enter any penalty for underpayment of estimated tax. Check here <input 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	4,042
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be Credited to 2013 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? 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		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? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a 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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		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? If "Yes," complete Part II, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) MN		
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	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)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

N/A

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? Website address ♦ N/A	13	X	

14 The books are in care of ♦ **Evelyn Pallas** Telephone no ♦ **651-484-6328**
3001 Sandy Hook Dr.
 Located at ♦ **Roseville** MN ZIP+4 ♦ **55113**

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? See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ♦	16	Yes	No
			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	N/A ♦ <input type="checkbox"/>	1b	
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?	N/A	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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? If "Yes," list the years ♦ 20 , 20 , 20 , 20	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement – see instructions)	N/A	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 ♦ 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)	N/A	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))?	<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)? Organizations relying on a current notice regarding disaster assistance check here	N/A <input checked="" type="checkbox"/>		5b
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? If "Yes," attach the statement required by Regulations section 53.4945–5(d)	N/A <input type="checkbox"/> Yes <input type="checkbox"/> No		
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? If "Yes" to 6b, file Form 8870			6b 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?	N/A		7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Evelyn Pallas 3001 Sandy Hook Dr. Roseville MN 55113	Trustee 40.00	0	0	0
Barbara Winters 429 Lake Ave. St. Paul MN 55110	Trustee 40.00	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1 – see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

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

▶ **0**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services ◆**Part IX-A Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3 ▶	

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	7,776,329
b	Average of monthly cash balances	1b	553,070
c	Fair market value of all other assets (see instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	8,329,399
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	8,329,399
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	124,941
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	8,204,458
6	Minimum investment return. Enter 5% of line 5	6	410,223

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	410,223
2a	Tax on investment income for 2012 from Part VI, line 5	2a	8,842
b	Income tax for 2012 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	8,842
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	401,381
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	401,381
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	401,381

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	394,100
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	394,100
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	394,100

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				401,381
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			394,051	
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2012				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				
f Total of lines 3a through e				
4 Qualifying distributions for 2012 from Part XII, line 4 ♦ \$ 394,100				
a Applied to 2011, but not more than line 2a			394,051	
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				49
e Remaining amount distributed out of corpus				
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				
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 2011 Subtract line 4a from line 2a. Taxable amount – see instructions				
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				401,332
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)				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

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

1a 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 ◆

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	
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))
N/A

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 or e-mail of the person to whom applications should be addressed
N/A

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

c Any submission deadlines
N/A

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

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year See Statement 10				394,100
Total			◆ 3a	394,100
b Approved for future payment N/A				
Total			◆ 3b	

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

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

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No
- b** If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

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

Evelyn A Pallas
Signature of officer or trustee

05/13/13
Date

Trustee

**Paid
Preparer
Use Only**

Print/Type preparer's name

David M. Senness

Preparer's signature

Date 1/1/00 Title
Preparer's signature D. M. Jensen CPA

Date _____

05/08/13

Check ☐ if self-employed

Firm's name ④ **David M. Senness, CPA**

PTIN	P01265619
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Firm's address ④ **7900 Xerxes Ave. South, Ste. 500**
Bloomington, MN 55431

Firm's EIN ④ **41-1655876**

Phone no **952-893-0107**

Form 990-PF	Capital Gains and Losses for Tax on Investment Income	2012
For calendar year 2012, or tax year beginning _____, and ending _____		

Name Kinney Family Foundation	Employer Identification Number 65-1205543
---	---

(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.)
(1) Dodge & Cox Stock Fd	D	03/29/12	04/26/12
(2) American Fds Growth Fd	D	Various	04/26/12
(3) American Fds Growth Fd	D	Various	04/26/12
(4) Dodge & Cox Stock Fd	D	Various	04/26/12
(5) Dodge & Cox Stock Fd	D	Various	04/26/12
(6) Realty Income Corp	D	Various	04/26/12
(7) Third Ave Real Estate	D	Various	04/26/12
(8) Vanguard Windsor Fd II	D	Various	04/26/12
(9) Aurora Bank	D	04/29/11	05/04/12
(10) Bank of Baroda New York	D	05/05/11	05/10/12
(11) Bank of China New York	D	04/29/11	02/06/12
(12) Bankers Bank West	D	04/29/11	05/02/12
(13) First American Bank	D	05/03/11	02/06/12
(14) Mountain Comm Bank	D	05/03/11	02/06/12
(15) AES Corp	D	Various	09/14/12

(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)
(1) 1,193		1,213	-20
(2) 579,073		421,239	157,834
(3) 4,421		3,844	577
(4) 95,315		74,140	21,175
(5) 3,478		3,131	347
(6) 129,488		74,598	54,890
(7) 137,986		148,147	-10,161
(8) 99,986		110,581	-10,595
(9) 200,000		200,017	-17
(10) 200,000		200,017	-17
(11) 200,000		200,017	-17
(12) 200,000		200,017	-17
(13) 200,000		200,017	-17
(14) 200,000		200,017	-17
(15) 12,246		12,514	-268

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
(1)			-20
(2)			157,834
(3)			577
(4)			21,175
(5)			347
(6)			54,890
(7)			-10,161
(8)			-10,595
(9)			-17
(10)			-17
(11)			-17
(12)			-17
(13)			-17
(14)			-17
(15)			-268

Form 990-PF	Capital Gains and Losses for Tax on Investment Income	2012
For calendar year 2012, or tax year beginning , and ending		

Name Kinney Family Foundation	Employer Identification Number 65-1205543
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(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)
(1) Akamai Tech Inc	D	12/01/11	05/04/12
(2) Carbo Ceramics Inc	D	08/08/11	02/17/12
(3) Carbo Ceramics Inc	D	Various	07/27/12
(4) ITC Holdings Corp	D	05/04/12	07/27/12
(5) NII Holdings Inc	D	01/10/12	12/11/12
(6) American Tower Corp	D	Various	02/17/12
(7) American Water Works	D	08/25/08	02/17/12
(8) BCE Inc New	D	09/25/08	01/10/12
(9) El Paso Corp	D	08/25/08	01/10/12
(10) Enersys Inc	D	11/10/10	11/06/12
(11) ITC Holdings Corp	D	Various	02/17/12
(12) ITC Holdings Corp	D	Various	07/27/12
(13) NII Holdings Inc	D	08/25/08	12/11/12
(14) Northeast Utilities Co	D	08/25/08	07/27/12
(15) Spectra Energy Corp	D	08/25/08	02/17/12

(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)
(1) 8,288		7,465	823
(2) 2,534		3,448	-914
(3) 5,700		11,167	-5,467
(4) 4,101		4,177	-76
(5) 1,802		7,256	-5,454
(6) 5,380		4,483	897
(7) 4,993		3,222	1,771
(8) 2,058		1,807	251
(9) 11,540		7,236	4,304
(10) 8,602		7,306	1,296
(11) 2,925		2,221	704
(12) 7,249		5,638	1,611
(13) 1,956		18,899	-16,943
(14) 3,849		2,612	1,237
(15) 2,679		2,250	429

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
(1)			823
(2)			-914
(3)			-5,467
(4)			-76
(5)			-5,454
(6)			897
(7)			1,771
(8)			251
(9)			4,304
(10)			1,296
(11)			704
(12)			1,611
(13)			-16,943
(14)			1,237
(15)			429

Capital Gains and Losses for Tax on Investment Income		2012
Form 990-PF	For calendar year 2012, or tax year beginning _____, and ending _____	
Name Kinney Family Foundation		Employer Identification Number 65-1205543

(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)
(1) WPX Energy Inc	D	01/06/12	01/06/12
(2) Telephone Systems	D	05/10/11	01/25/12
(3) Southwest Securities--Main			
(4) Enterprise Products/K-1 LT			
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			

(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)
(1) 2,215			2,215
(2) 27		32	-5
(3) 113,522			113,522
(4) 295			295
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) 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	
(1)			2,215
(2)			-5
(3)			113,522
(4)			295
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
Enterprise Product Loss/K-1's	\$ -451	\$	\$ -451
Kinder Morgan Loss/K-1's	-622		-622
Kinder Morgan Sec 1231/K-1's	36		36
Enterprise Product Sec 1231	-13		-13
Total	\$ -1,050	\$ 0	\$ -1,050

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

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Indirect Accounting Fees	\$ 890	\$ 890	\$	\$
Total	\$ 890	\$ 890	\$ 0	\$ 0

Statement 3 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Investment Fees	\$ 22,878	\$ 22,878	\$	\$
PC2 Advisor Fees	4,050	4,050		
Total	\$ 26,928	\$ 26,928	\$ 0	\$ 0

Statement 4 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Foreign Taxes	\$ 3,610	\$ 3,610	\$	\$
MN Filing Fee	25	25		
Total	\$ 3,635	\$ 3,635	\$ 0	\$ 0

Federal Statements

Statement 5 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Expenses				
MN Council on Foundations				
Foundation Meetings	174			
Office Expense	29			
Mileage Reimbursement				
Miscellaneous				
Total	203	0	0	0

Federal Statements

Statement 6 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Southwest Securities 7096	\$ 1,304,113	\$ 1,346,742	Market	\$ 1,346,742
Southwest Securities 9921	377,985	377,894	Market	377,894
Total	\$ 1,682,098	\$ 1,724,636		\$ 1,724,636

Statement 7 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Southwest Securities Mutual Funds	\$ 4,487,110	\$ 5,654,083	Market	\$ 5,654,083
Southwest Securities CD's	1,449,864	750,631	Market	750,631
Total	\$ 5,936,974	\$ 6,404,714		\$ 6,404,714

Federal Statements**Statement 8 - Form 990-PF, Part III, Line 3 - Other Increases**

<u>Description</u>	<u>Amount</u>
Distributions from K-1's	\$ 1,637
Non-taxable distributions from securities	6,200
Unrealized Gain on Securities	546,241
Investment Interest pd by K-1	11
Total	<u>\$ 554,089</u>

Statement 9 - Form 990-PF, Part III, Line 5 - Other Decreases

<u>Description</u>	<u>Amount</u>
Unrealized Losses on Securities	\$
Estimated tax payments	4,800
Nondeductible expense	
Prior year taxes paid	1,050
Total	<u>\$ 5,850</u>

Form 990-PF, Part XV, Line 2b - Application Format and Required Contents

Description

N/A

Form 990-PF, Part XV, Line 2c - Submission Deadlines

Description

N/A

Form 990-PF, Part XV, Line 2d - Award Restrictions or Limitations

Description

N/A

65-1205543

Federal Statements

Statement 10 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year

Name		Address		Purpose	Amount
Address	Relationship	Status			
AL Cancer Research Golden Valley MN 55426	715 Florida Ave S		General Funding	400	
Bethel University Baseball Arden Hills MN 55112	3900 Bethel Drive		General Funding	4,000	
Breaking Free St Paul MN 55104	PO Box 4366		General Funding	5,000	
Bridging Bloomington MN 55420	201 West 87th St		General Funding	21,000	
Camp Odayin Stillwater MN 55082	PO Box 2068		General Funding	25,000	
Catholic Charities Minneapolis MN 55403	1200 Second Ave S		General Funding	33,000	
College Possible St Paul MN 55104	450 North Syndicate St		General Funding	20,000	
Community Bridge Consortium/ISD 622 North St Paul MN 55109	622 Education Center		General Funding	5,000	
Courage Center Minneapolis MN 55422	3915 Golden Valley Rd		General Funding	30,000	
East Side Learning Center St Paul MN 55106	740 York Ave		General Funding	20,000	
Face to Face Academy St Paul MN 55106	1165 Arcade St		General Funding	20,000	
Family Unity International Elm Grove WI 53122	12750 Stephen Place		General Funding	1,400	
Friends of the Orphans St Paul MN 55104	2052 Marshall Ave		General Funding	35,000	
Happy Hounds Rescue Osseo MN 55369	9239 Harbor Lane		General Funding	2,000	
Hennepin Theater Trust Minneapolis MN 55402	615 Hennepin Ave		General Funding	400	
Home for Life Stillwater MN 55082	PO Box 847		General Funding	20,000	
Hope Multipurpose Inc St Paul MN 55108	2136 Carter Ave		General Funding	500	
Jeremiah Program Minneapolis MN 55403	1510 Laurel Ave		General Funding	20,000	
Keystone Community Services St Paul MN 55104	2000 St Anthony Ave		General Funding	900	

Federal Statements

**Statement 10 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year (continued)**

Name		Address		Relationship	Status	Purpose	Amount
Mahtomedi Area Educ Foundation		Mahtomedi MN 55115		1520 Mahtomedi Ave		General Funding	20,000
Mahtomedi Area Food Shelf		Mahtomedi MN 55115		700 Mahtomedi Ave		General Funding	600
Make a Difference		Hailey ID 83333		PO Box 172		General Funding	400
MN Special Olympics/Monarchs		Maplewood MN 55119		2672 Harvester Ave E		General Funding	300
National MS Society, Minnesota Chap		Minneapolis MN 55415		200 12th Ave S		General Funding	400
Multicultural School For Empowermen		St Paul MN 55117		96 East Wheelock Pkwy		General Funding	25,000
NYRHA		New Richmond WI 54017		PO Box 207		General Funding	800
St Catherine University		St Paul MN 55105		2004 Randolph		General Funding	28,000
St Mary's School		New Richmond WI 54017		257 S Washington Ave		General Funding	15,000
Tix for Tots		St Paul MN 55104		PO Box 4086		General Funding	15,000
Twin Cities Habitat for Humanity		Minneapolis MN 55414		3001 Fourth St SE		General Funding	25,000
Total							<u>394,100</u>