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
ROY AND LEONA NELSON FOUNDATION

Number and street (or P O box number if mail is not delivered to street address)
BOX 965

Room/suite

City or town, state, and ZIP code
SPOKANE WA 99210-0965

A Employer identification number
71-0899453

B Telephone number (see instructions)
509 326 2194

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐
2 Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

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

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

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

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

I Fair market value of all assets at end of year *(from Part II, col (c), line 16)* ▶ $ 2,248,599

J Accounting method ☒ Cash ☐ Accrual
☐ Other (specify)
(Part I, column (d) must be on cash basis)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))*

			(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)				
	2	Check ▶ ☐ if the foundation is not required to attach Sch B				
	3	Interest on savings and temporary cash investments	4	4		
	4	Dividends and interest from securities	51,960	51,960		
	5 a	Gross rents				
	b	Net rental income or (loss)				
	6 a	Net gain or (loss) from sale of assets not on line 10	12,402			
	b	Gross sales price for all assets on line 6a 125,000				
	7	Capital gain net income (from Part IV, line 2)		12,402		
	8	Net short-term capital gain				
	9	Income modifications			6,045	
	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)	220	220		
	12	**Total.** Add lines 1 through 11	64,586	64,586	6,045	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	10,500			10,500
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16 a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule)	2,000			2,000
	c	Other professional fees (attach schedule)				
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	635			
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	458			458
	24	**Total operating and administrative expenses.** Add lines 13 through 23	13,593	0	0	12,958
	25	Contributions, gifts, grants paid	125,000			125,000
	26	**Total expenses and disbursements.** Add lines 24 and 25	138,593	0	0	137,958
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	-74,007			
	b	**Net investment income** (if negative, enter -0-)		64,586		
	c	**Adjusted net income** (if negative, enter -0-)			6,045	

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For Paperwork Reduction Act Notice, see instructions.
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Form **990-PF** (2012)

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			
	2	Savings and temporary cash investments	15,016	13,817	13,817
	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)	100,000	100,000	100,000
	b	Investments—corporate stock (attach schedule)			
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment basis ▶			
		Less accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	1,979,474	1,912,711	2,134,782
	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)	2,094,490	2,026,528	2,248,599
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.**			
	24	Unrestricted	2,094,490	2,026,528	
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	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)	2,094,490	2,026,528	
	31	**Total liabilities and net assets/fund balances** (see instructions)	2,094,490	2,026,528	

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	2,094,490
2	Enter amount from Part I, line 27a	2	-74,007
3	Other increases not included in line 2 (itemize) ▶ Refund of scholarships awarded in prior years	3	6,045
4	Add lines 1, 2, and 3	4	2,026,528
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	2,026,528

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	1,030 sh American Bal Fund	P	1/23/2004	4/29/2012
b	2,525 sh American Bal Fund	P	1/23/2004	8/3/2012
c	986 sh American Bal Fund	P	1/23/2004	12/5/2012
d	408 sh Capital World G & I Fund	P	1/23/2004	12/5/2012
e	644 sh Wash Mutual Inv Fund	P	1/23/2004	12/5/2012

	(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	20,000		18,219	1,781
b	50,000		44,666	5,334
c	20,000		17,455	2,545
d	15,000		13,426	1,574
e	20,000		18,832	1,168

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				1,781
b				5,334
c				2,545
d				1,574
e				1,168

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	12,402
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

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	128,166	2,178,252	0 058839
2010	123,724	2,077,206	0 059563
2009	130,623	1,870,524	0 069832
2008	121,858	2,233,790	0 054552
2007	129,331	2,589,817	0 049938

2	**Total** of line 1, column (d)	2	0 292724
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 058545
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	2,210,649
5	Multiply line 4 by line 3	5	129,422
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	646
7	Add lines 5 and 6	7	130,068
8	Enter qualifying distributions from Part XII, line 4	8	137,958

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions

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

1 a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1 Date of ruling or determination letter ________________ (attach copy of letter if necessary—see instructions)				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☒ and enter 1% of Part I, line 27b			1	646
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	646
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	646
6	Credits/Payments				
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	624		
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	624
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached			8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	22
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	0
11	Enter the amount of line 10 to be **Credited to 2013 estimated tax** ▶		Refunded ▶	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?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)?	1b		X
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ▶ $ ________ **(2)** On foundation managers ▶ $ ________			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ________			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		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*	3		X
4 a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		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?	6	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*	7	X	
8 a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ WA			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	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*	9		X
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	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 ▶ NA

14 The books are in care of ▶ DON PETERS Telephone no ▶ 509 326 2194

Located at ▶ 1436 N Summit Blvd Spokane WA ZIP+4 ▶ 99201-3034

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

			Yes	No
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		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

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
1a	During the year did the foundation (either directly or indirectly)			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	N/A	
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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 ☒ No			
	If "Yes," list the years ▶ 20 _____ , 20 _____ , 20 _____ , 20 _____			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions)	2b	N/A	
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20 _____ , 20 _____ , 20 _____ , 20 _____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 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))? ☐ 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** X

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? **6b** X

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** N/A

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Nancy Harris 604 W 23rd Spokane, WA 99203 0	President 5 00	4,500		
Tom Nelson 159 Rolling Hills Ln Wenatchee, WA 98801 0	Director 2 00	2,000		
Don Peters 1436 N Summit Blvd Spokane, WA 99201 0	Sec-Treas 2 00	2,000		
Neil McKay 717 W Sprague #1600 Spokane, WA 99201 0	Director 2 00	2,000		

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 College scholarships for students residing in Eastern Washington and Northern Idaho During 2012, the Foundation awarded $2,000 scholarships to 48 students attending 8 area colleges	12,958
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	
All other program-related investments See instructions 3	
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	2,214,610
b	Average of monthly cash balances			1b	29,704
c	Fair market value of all other assets (see instructions)			1c	
d	**Total** (add lines 1a, b, and c)			1d	2,244,314
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	2,244,314
4	Cash deemed held for charitable activities Enter 1 ½ % of line 3 (for greater amount, see instructions)			4	33,665
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4			5	2,210,649
6	**Minimum investment return.** Enter 5% of line 5			6	110,532

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	110,532
2a	Tax on investment income for 2012 from Part VI, line 5	2a	646		
b	Income tax for 2012 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	646
3	Distributable amount before adjustments Subtract line 2c from line 1			3	109,886
4	Recoveries of amounts treated as qualifying distributions			4	6,045
5	Add lines 3 and 4			5	115,931
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	115,931

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	137,958
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	137,958
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	646
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	137,312

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					115,931
2	Undistributed income, if any, as of the end of 2012					
a	Enter amount for 2011 only					
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	1,102				
f	**Total** of lines 3a through e		1,102			
4	Qualifying distributions for 2012 from Part XII, line 4 ▶ $ 137,958					
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					115,931
e	Remaining amount distributed out of corpus		22,027			
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		23,129			
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)					
9	**Excess distributions carryover to 2013.** Subtract lines 7 and 8 from line 6a		23,129			
10	Analysis of line 9					
a	Excess from 2008					
b	Excess from 2009					
c	Excess from 2010					
d	Excess from 2011	1,102				
e	Excess from 2012	22,027				

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 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			
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	(e) Total
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					0
b 85% of line 2a					0
c Qualifying distributions from Part XII, line 4 for each year listed					0
d Amounts included in line 2c not used directly for active conduct of exempt activities					0
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					0
3 Complete 3a, b, or c for the alternative test relied upon a "Assets" alternative test—enter (1) Value of all assets					0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					0
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)					0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
(3) Largest amount of support from an exempt organization					0
(4) Gross investment income					0

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

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

c Any submission deadlines

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

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient 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*				
COLLEGE SCHOLARSHIPS (see 11-2 to 11-6)				95,000
GRANTS TO CHARITIES (see 11-7 & 11-8)				30,000
Total			▶ 3a	125,000
b *Approved for future payment*				
Total			▶ 3b	0

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income (See instructions)
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			14	4	
4 Dividends and interest from securities			14	51,960	
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			14	220	
8 Gain or (loss) from sales of assets other than inventory			18	12,402	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)		0		64,586	0

13 **Total.** Add line 12, columns (b), (d), and (e) 13 64,586

(See worksheet in line 13 instructions to verify calculations)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions)

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

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received

(a) Line no	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements

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

b If "Yes," complete the following schedule

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

Sign Here

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

▶ [illegible] R Peters | 1/31/13 ▶ SEC-TREAS

Signature of officer or trustee | Date | Title

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

ROY AND LEONA NELSON FOUNDATION

990PF
2012
71-0899453

Part I, Line 11 OTHER INCOME

Class action settlement	220

Part I, Line 16b ACCOUNTING FEES

Don Peters, CPA	2,000
Preparation of the Foundation's federal tax return	

Part I, Line 23 OTHER EXPENSES

Office supplies and postage	458

Part II, Line 10a INVESTMENTS - U S & STATE OBLIGATIONS	Book Value	Market Value
100,000 U S Treasury bonds 6 1/8% 8/15/29	$100,000	$100,000

Part II, Line 13 OTHER INVESTMENTS - MUTUAL FUNDS:

6,444 sh	Growth Fund of America	170,517	219,985
7,674 sh	Washington Mutual Investors Fund	224,321	238,805
6,117 sh	Capital World Growth & Income Fund	201,401	227,136
7,292 sh	New Perspective Fund	188,038	226,848
17,894 sh	American Balanced Fund	316,929	364,851
17,191 sh	Income Fund of America	299,434	309,958
22,581 sh	Bond Fund of America	268,371	295,915
6,350 sh	Smallcap World Fund	243,700	251,284
		1,912,711	2,134,782

Line 18 (990-PF) - Taxes

		635	0	0	0
	Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
1	Real estate tax not included in line 20				
2	Tax on investment income				
3	Income tax	600			
4	Filing fees	35			

Recipient		Relation-ship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS					
Big Bend Community College Foundation 7662 Chanute St NE Moses Lake WA 98837	($12,000)				
(1) Rachel Myrick Box 855 Royal City WA 99357		None	NA	College education	2,000
(2) Jennifer Gardner 7395 Road N 5 NW Quincy WA 98848		None	NA	College education	2,000
(3) Amanda LeFave 407 Offutt Rd Moses Lake WA 98837		None	NA	College education	2,000
(4) Jenny Hernandez 1219 Vandenburg Ave Moses Lake WA 98837		None	NA	College education	2,000
(5) Gabriela Murillo 900 N Grape Dr # 40 Moses Lake WA 98837		None	NA	College education	2,000
(6) Alyssa Newman 207 G St NE Ephrata WA 98823		None	NA	College education	2,000
Heritage University 3240 Fort Road Toppenish WA 98948	($10,000)				
(1) Daisy Santiago 407 S Beech St Toppenish WA 98948		None	NA	College education	2,000
(2) Ruby Preciado 320 D Street Granger WA 98932		None	NA	College education	2,000
(3) Jessica Valdez Box 96 Mabton WA 98935		None	NA	College education	2,000
(4) Adriana Perez-Cervera Box 1361 Toppenish WA 98948		None	NA	College education	2,000
(5) Haley Quantrell 505 Virginia Ct Zillah WA 98953		None	NA	College education	2,000

Recipient		Relation-ship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS (continued)					
Lewis-Clark State College 500 8th Ave Lewiston ID 83501	($14,000)				
(1) Victoria Zweifel 300 Dunlap Rd Orofino ID 83544		None	NA	College education	2,000
(2) Darby Browning 840 Crocket Bench Rd Orofino ID 83544		None	NA	College education	2,000
(3) Jarek Browning 840 Crocket Bench Rd Orofino ID 83544		None	NA	College education	2,000
(4) Leticia Scott 14763 St Joe River Rd St Maries ID 83861		None	NA	College education	2,000
(5) Jill Jacobs Box 42 Lewiston ID 83501		None	NA	College education	2,000
(6) Mary Cermak 1618 13th Ave Lewiston ID 83501		None	NA	College education	2,000
(7) Kashia Vogeler 2620 Palouse Ct Clarkston WA 99403		None	NA	College education	2,000
WSU College of Nursing Box 1495 Spokane WA 99210	($11,000)				
(1) Andrea Steinbach 2353 Highline Rd Chewelah WA 99109		None	NA	College education	1,000
(2) Katrina Harris 131 Canyon Ct Richland WA 99352		None	NA	College education	2,000
(3) Tin-Yan Lee 18028 N Lidgerwood Ct Colbert WA 99005		None	NA	College education	2,000
(4) Tatyanna Danyuk 2059 Bond Road NE Moses Lake WA 98837		None	NA	College education	2,000
(5) Ashley Ormsby 421 E Nora Spokane WA 99207		None	NA	College education	2,000
(6) Andrey Bondarenko 6610 E Big Rock Rd Spokane WA 99223		None	NA	College education	2,000

Part XV, Line 3 GRANTS

Recipient	Relationship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS (continued)				
Community Colleges of Spokane Foundation($10,000) Box 6000 MS 1005 Spokane WA 99217				
(1) Erik Pedersen 1109 S Wight Blvd Liberty Lake WA 99019	None	NA	College education	2,000
(2) Joshua Dolan 4210 N Dartmouth Lane Spokane WA 99206	None	NA	College education	2,000
(3) Jael Otto 5340 Rail Canyon Rd Deer Park WA 99006	None	NA	College education	2,000
(4) Jade Faraca 15611 E 27th Spokane Valley WA 99037	None	NA	College education	2,000
(5) Victorya Datsko 14709 W Deno Rd Spokane WA 99224	None	NA	College education	2,000

Recipient	Relationship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS (continued)				
North Idaho College Foundation ($10,000) 1000 W Garden Ave Coeur d'Alene ID 83814				
(1) Tiana Allen 1076 Allen Lane Potlatch ID 83855	None	NA	College education	2,000
(2) Leah Muzzy 9245 N Crabapple Ct Hayden ID 83835	None	NA	College education	2,000
(3) Rebecca Mulgrew 235 Grouse Meadow Rd Sandpoint ID 83864	None	NA	College education	2,000
(4) Zara Palmer 710 River Ave # 326 Coeur d'Alene ID 83814	None	NA	College education	2,000
(5) Katey Huggler 1571 Stone Rd Blanchard ID 83804	None	NA	College education	2,000
Wenatchee Valley College ($12,000) 1300 5th St Wenatchee WA 98801				
(1) Myrna Simpson Box 482 Manson WA 98831	None	NA	College education	2,000
(2) Sarah Cunning 5146 Regan Rd Cashmere WA 98315	None	NA	College education	2,000
(3) Morgan Knight Box 296 Cle Elum WA 98943	None	NA	College education	2,000
(4) Cynthia Matlock 1931 Hideaway Place Wenatchee WA 98801	None	NA	College education	2,000
(5) Anthony Williams 875 Majestic View Wenatchee WA 98801	None	NA	College education	2,000
(6) Wesley Schneider 1451 NE 3rd St East Wenatchee WA 98802	None	NA	College education	2,000

Part XV, Line 3 GRANTS

Recipient		Relation-ship	Status	Purpose	Amount
COLLEGE SCHOLARSHIPS (continued)					
Northwest Nazarene University 623 Holly Street Nampa ID 83686	($16,000)				
(1) Aaron Rusch 5312 N Greenwood Blvd Spokane WA 99205		None	NA	College education	2,000
(2) Lindee Triplett 1903 13th St Lewiston ID 83501		None	NA	College education	2,000
(3) Noelle Parton 11451 Eagle Creek Rd Leavenworth WA 98826		None	NA	College education	2,000
(4) Janson Card 6217 E 14th Spokane WA 99212		None	NA	College education	2,000
(5) Brent Conrad 3302 Long Hollow Rd Colfax WA 99111		None	NA	College education	2,000
(6) Reid White 25024 N Monroe Rd Deer Park WA 99006		None	NA	College education	2,000
(7) Kelsey Koch 2212 W Gordon Spokane WA 99205		None	NA	College education	2,000
(8) Derek Isaak 11450 Hwy 2 Coulee City WA 99115		None	NA	College education	2,000

Part XV, Line 3 GRANTS

Recipient	Relationship	Status	Purpose	Amount
CHARITIES				
Chelan Friends of the Public Library Box 2460 Chelan WA 98816	NA	Public	Purchase of new library building	5,000
Union Gospel Mission Box 4066 Spokane WA 99220	NA	Public	Summer camp for needy kids	1,000
Youth for Christ Box 10176 Spokane WA 99209	NA	Public	After-school programs	1,500
Children's Charity Classic of NCW Box 2953 Wenatchee WA 98807	NA	Public	Support for children's charities	1,000
National Alliance for Mental Illness - CDA Box 3567 Coeur d'Alene ID 83816	NA	Public	Programs for the mentally ill -- alternative court program	2,000
North Central WA Jail Chaplain Ministry Box 4091 Wenatchee WA 98807	NA	Public	Services for jail inmates & releasees	2,000
Wenatchee First Assembly Church/ Royal Family Kids Camps 3000 W MacArthur # 412 Santa Ana CA 92704	NA	Public	Camps for abused & neglected children	1,000
St Georges School 2929 W Waikiki Road Spokane WA 99208	NA	Public	Scholarship fund & Teacher development	1,500
Multiple Sclerosis Society 818 W Sharp Spokane WA 99202	NA	Public	Medical research	1,000
Vanessa Behan Crisis Nursery 1004 E 8th Spokane WA 99202	NA	Public	Crisis nursery	3,000
Camp STIX Box 8308 Spokane WA 99203	NA	Public	Diabetes camp	2,025

Part XV, Line 3 GRANTS

Recipient	Relationship	Status	Purpose	Amount
CHARITIES (continued)				
Boys & Girls Club of Spokane County 544 E Providence Spokane WA 99207	NA	Public	After school programs	1,000
Second Harvest Food Bank 1234 E Front Spokane WA 99202	NA	Public	Food for the needy	475
Juvenile Diabetes Research Foundation 9 S Washington Spokane WA 99201	NA	Public	Medical research	500
Spokane Youth Symphony Box 9547 Spokane WA 99209	NA	Public	Tours of schools	1,000
Mid City Concerns/Meals on Wheels 1222 W 2nd Spokane WA 99201	NA	Public	Meals for shut-ins	1,000
Women's Resource Center Box 2051 Wenatchee WA 98807	NA	Public	Food, clothes, & shelter for the poor & homeless	1,500
Spokane Guilds School 2118 W Garland Spokane WA 99205	NA	Public	Support for the developmentally disabled	1,000
American Cancer Society 2120 First Ave N Seattle WA 98109	NA	Public	Cancer research	1000
City Gate 170 S Madison Spokane WA 99201	NA	Public	Meals for the homeless	1,000
Inland Northwest Honor Flight 608 W 2nd # 309 Spokane WA 99201	NA	Public	WW II veterans travel expenses to D.C. war monuments	500