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

2012

Department of the Treasury  
Internal Revenue Service

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

For calendar year 2012, or tax year beginning

, 2012, and ending

Payne Family Foundation  
3490 California Street #209  
San Francisco, CA 94118

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      J Accounting method       Cash       Accrual  
 (from Part II, column (c), line 16)       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)
1	Contributions, gifts, grants, etc, received (att sch)				
2	Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
3	Interest on savings and temporary cash investments				
4	Dividends and interest from securities				
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain/(loss) from sale of assets not on line 10				
b	Gross sales price for all assets on line 6a				
7	Capital gain or income (from Part IV, line 2)				
8	Net short-term capital gain				
9	Income modifications				
10a	Gross sales less returns and allowances				
b	Less: Cost of goods sold				
c	Gross profit/(loss) (att sch)				
11	Other income (attach schedule)				
12	<b>Total.</b> Add lines 1 through 11	3,655.	3,655.	3,655.	
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 sch) See St 1	2,226.		2,226.	
c	Other prof fees (attach sch) See St 2	400.		400.	
17	Interest				
18	Taxes (attach schedule)(see instrs) See Stmt 3	73.		73.	
19	Depreciation (attach sch) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (attach schedule) See Statement 4	55.		55.	
24	<b>Total operating and administrative expenses.</b> Add lines 13 through 23	2,754.		2,754.	
25	Contributions, gifts, grants paid Stmt 5	80,574.		80,574.	
26	<b>Total expenses and disbursements.</b> Add lines 24 and 25	83,328.	0.	2,754.	80,574.
27	Subtract line 26 from line 12:				
a	Excess of revenue over expenses and disbursements	-79,673.			
b	Net investment income (if negative, enter -0-)		3,655.		
c	Adjusted net income (if negative, enter -0-)			901.	

<b>Part II</b> 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
<b>A S S E T S</b>	1 Cash – non-interest-bearing				
	2 Savings and temporary cash investments		390,654.	311,053.	
	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 sch)	►			
	Less allowance for doubtful accounts	►			
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges		858.	785.	
	10a Investments – U S and state government obligations (attach schedule)				
	b Investments – corporate stock (attach schedule)		157,982.	157,983.	
	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)					
14 Land, buildings, and equipment basis	►				
Less: accumulated depreciation (attach schedule)	►				
15 Other assets (describe ►)					
16 <b>Total assets</b> (to be completed by all filers – see the instructions Also, see page 1, item I)		549,494.	469,821.	0.	
<b>L I A B I L I T I E S</b>	17 Accounts payable and accrued expenses				
	18 Grants payable				
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, & other disqualified persons				
	21 Mortgages and other notes payable (attach schedule)				
	22 Other liabilities (describe ►)				
	23 <b>Total liabilities</b> (add lines 17 through 22)		0.	0.	
<b>N F E U T N D A S B S A E L T A S N C O R E S</b>	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				
	28 Paid-in or capital surplus, or land, building, and equipment fund		3,076,747.	3,076,748.	
	29 Retained earnings, accumulated income, endowment, or other funds		-2,527,253.	-2,606,927.	
	30 <b>Total net assets or fund balances</b> (see instructions)		549,494.	469,821.	
	31 <b>Total liabilities and net assets/fund balances</b> (see instructions)		549,494.	469,821.	

**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	549,494.
2 Enter amount from Part I, line 27a	2	-79,673.
3 Other increases not included in line 2 (itemize) ►	3	
4 Add lines 1, 2, and 3	4	469,821.
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	469,821.

**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 shares MLC Company)			(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a	N/A				
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) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h)) gain minus column (k), but not less than -0- or Losses (from column (h))		
a					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7		2		
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8		3		

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?  Yes  NoIf 'Yes,' the foundation does not qualify under section 4940(e). Do not complete this part **N/A**

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 (column (b) divided by column (c))
2011			
2010			
2009			
2008			
2007			

2 Total of line 1, column (d)	2
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
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4
5 Multiply line 4 by line 3	5
6 Enter 1% of net investment income (1% of Part I, line 27b)	6
7 Add lines 5 and 6	7
8 Enter qualifying distributions from Part XII, line 4	8

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 ► <input type="checkbox"/> and enter 'N/A' on line 1.	1	73.
Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instrs)		
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	2	0.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)	3	73.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
3 Add lines 1 and 2	5	73.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		
5 <b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-		
6 Credits/Payments		
a 2012 estimated tax pmts and 2011 overpayment credited to 2012	6 a	858.
b Exempt foreign organizations – tax withheld at source	6 b	
c Tax paid with application for extension of time to file (Form 8868)	6 c	
d Backup withholding erroneously withheld	6 d	
7 Total credits and payments. Add lines 6a through 6d	7	858.
8 Enter any <b>penalty</b> 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	0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	785.
11 Enter the amount of line 10 to be: Credited to 2013 estimated tax ► 785.   Refunded ► 11   0.	11	0.

**Part VII-A Statements Regarding Activities**

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?	Yes	No
1 a	X	
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1 b	X
<i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		
c Did the foundation file Form 1120-POL for this year?	1 c	X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ► \$ 0. (2) On foundation managers ► \$ 0.	2	X
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ 0.	3	X
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities</i>	4 a	X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>	4 b	N/A
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	5	X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	6	X
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>	7	X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or	8 a	
• 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?	8 b	X
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	9	X
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) ► CA	10	X
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? <i>If 'No,' attach explanation</i>		
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		

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**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 ► N/A				
14	The books are in care of ► <u>Lisle W. &amp; Roslyn B. Payne</u> Telephone no. ► <u>(415) 981-2810</u> Located at ► <u>3490 California Street, Suite 209 CA</u> ZIP + 4 ► <u>94118</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of <b>Form 1041</b> — Check here and enter the amount of tax-exempt interest received or accrued during the year	15	N/A	► <input type="checkbox"/>
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	Yes	No
See the instructions for exceptions and filing requirements for Form TD F 90-221. If 'Yes,' enter the name of the foreign country ►				

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

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

		Yes	No
1 a	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 <b>any</b> of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	1 b	N/A
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1 c	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? 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 <b>not</b> 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)	2 b	N/A
c	If the provisions of section 4942(a)(2) are being applied to <b>any</b> of the years listed in 2a, list the years here ► 20 __ , 20 __ , 20 __ , 20 __		
3 a	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)	3 b	N/A
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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?	4 b	X

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)****5 a** 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))?

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

(3) Provide a grant to an individual for travel, study, or other similar purposes?

(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)

(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 Yes  No Yes  No Yes  No 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)?Organizations relying on a current notice regarding disaster assistance check here ► **c** If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?N/A  Yes  No

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

**6 a** 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?

If 'Yes' to 6b, file Form 8870

 Yes  No**7 a** 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?

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
Roslyn B. Payne 3490 California Street, #209 San Francisco, CA 94118	President 0	0.	0.	0.
Lisle W. Payne 3490 California Street, #209 San Francisco, CA 94118	Secretary/Tr 0	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

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**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		
<b>Total number of others receiving over \$50,000 for professional services</b>		►
0		

**Total number of others receiving over \$50,000 for professional services**

0

## 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	<u>N/A</u>	
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**

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**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	1 a	81,832.
b	Average of monthly cash balances	1 b	347,942.
c	Fair market value of all other assets (see instructions)	1 c	
d	<b>Total</b> (add lines 1a, b, and c)	1 d	429,774.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	429,774.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	6,447.
5	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3 Enter here and on Part V, line 4	5	423,327.
6	<b>Minimum investment return.</b> Enter 5% of line 5	6	21,166.

**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	21,166.
2 a	Tax on investment income for 2012 from Part VI, line 5	2 a	73.
b	Income tax for 2012. (This does not include the tax from Part VI )	2 b	
c	Add lines 2a and 2b	2 c	73.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	21,093.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	21,093.
6	Deduction from distributable amount (see instructions)	6	
7	<b>Distributable amount</b> as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	21,093.

**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	1 a	80,574.
b	Program-related investments – total from Part IX-B.	1 b	
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)	3 a	
b	Cash distribution test (attach the required schedule)	3 b	
4	<b>Qualifying distributions.</b> Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	80,574.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	
6	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	80,574.

**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				21,093.
2 Undistributed income, if any, as of the end of 2012.			0.	
a Enter amount for 2011 only				
b Total for prior years: 20 ___, 20 ___, 20 ___		0.		
3 Excess distributions carryover, if any, to 2012				
a From 2007	234,993.			
b From 2008	124,743.			
c From 2009	226,311.			
d From 2010	312,523.			
e From 2011	254,607.			
f Total of lines 3a through e	1,153,177.			
4 Qualifying distributions for 2012 from Part XII, line 4 ► \$ 80,574.			0.	
a Applied to 2011, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions)		0.		
c Treated as distributions out of corpus (Election required – see instructions)	0.			
d Applied to 2012 distributable amount				21,093.
e Remaining amount distributed out of corpus	59,481.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a) )		0.		0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e Subtract line 5	1,212,658.			
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		0.		
d Subtract line 6c from line 6b Taxable amount – see instructions		0.		
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)		0.		
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)	234,993.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	977,665.			
10 Analysis of line 9:				
a Excess from 2008	124,743.			
b Excess from 2009	226,311.			
c Excess from 2010	312,523.			
d Excess from 2011	254,607.			
e Excess from 2012	59,481.			

BAA

Form 990-PF (2012)



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

Recipient	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
Name and address (home or business)				
<i>a Paid during the year</i>				
<b>Total</b>				► 3 a
<i>b Approved for future payment</i>				
<b>Total</b>				► 3 b

## Part XVI-A · Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

	Unrelated business income		(e) Related or exempt function income (See instructions )	
	(a) Business code	(b) Amount		
1 Program service revenue				
a				
b				
c				
d				
e				
f				
g Fees and contracts from government agencies				
2 Membership dues and assessments				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities				
5 Net rental income or (loss) from real estate			14	3,655.
a Debt-financed property				
b Not debt-financed property				
6 Net rental income or (loss) from personal property				
7 Other investment income				
8 Gain or (loss) from sales of assets other than inventory				
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)				3,655.
13 Total. Add line 12, columns (b), (d), and (e)			13	3,655.
(See worksheet in line 13 instructions to verify calculations )				

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

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

**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.

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

<b>(a) Line no</b>	<b>(b) Amount involved</b>	<b>(c) Name of noncharitable exempt organization</b>	<b>(d) Description of transfers, transactions, and sharing arrangements</b>
N/A			

**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		

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

**Sign  
Here**

Theresa Payne

5/13/2013

1

May the IRS discuss this return with the preparer shown below (see instructions)?

Signature of officer or trustee		Date	Title		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Paid Preparer Use Only</b>	Print/Type preparer's name		Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	Anne Liang, CPA		Anne Liang, CPA	5/10/13	P00098337	
	Firm's name ► Anne Liang, CPA		Firm's EIN ► 94-3216300			
Firm's address ► 5517 Geary Blvd., Suite 205 San Francisco, CA 94121-2208		Phone no (415) 751-1860				

**BAA**

2012

## Federal Statements

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Payne Family Foundation

94-3207544

5/10/13

03:02PM

**Statement 1**  
**Form 990-PF, Part I, Line 16b**  
**Accounting Fees**

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Total	\$ 2,226.	\$ 0.	\$ 2,226.	\$ 0.

**Statement 2**  
**Form 990-PF, Part I, Line 16c**  
**Other Professional Fees**

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Professional Fee	\$ 400.	\$ 0.	\$ 400.	\$ 0.

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Federal Taxes	\$ 73.	\$ 0.	\$ 73.	\$ 0.

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
State Filing Fee	\$ 55.	\$ 0.	\$ 55.	\$ 0.

**Statement 5**  
**Form 990-PF, Part I, Line 25**  
**Contributions, Gifts, and Grants**

Cash Grants and Allocations

Class of Activity:

Education

Donee's Name:

Morehouse College

Donee's Address:

830 Westview Drives S.W.

Atlanta, GA 30314

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## Federal Statements

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**Statement 5 (continued)**  
**Form 990-PF, Part I, Line 25**  
**Contributions, Gifts, and Grants**

Relationship of Donee:

Organizational Status of Donee:

Amount Given:

\$ 5,000.

Class of Activity:

Sports

Donee's Name:

Positive Coaching Alliance

Donee's Address:

1001 N. Rengstorff Avenue, Ste. 100

Mountain View, CA 94043

Relationship of Donee:

Organizational Status of Donee:

Amount Given:

29,000.

Class of Activity:

Education

Donee's Name:

University of Arizona Foundation

Donee's Address:

1130 E. Helen Street

Tucson, AZ 85721

Relationship of Donee:

Organizational Status of Donee:

Amount Given:

5,720.

Class of Activity:

Education

Donee's Name:

Beta Phi Education Foundation

Donee's Address:

5055 E. Broadway Blvd., Suite B-100

Tucson, AZ 85711

Relationship of Donee:

Organizational Status of Donee:

Amount Given:

1,200.

Class of Activity:

Education

Donee's Name:

Breakthrough San Francisco

Donee's Address:

350 Masonic Avenue

San Francisco, CA 94118

Relationship of Donee:

Organizational Status of Donee:

Amount Given:

5,000.

Class of Activity:

Health

Donee's Name:

Against Malaria Foundation

Donee's Address:

866 Seal Avenue

Palo Alto, CA 94303

Relationship of Donee:

Organizational Status of Donee:

Amount Given:

350.

Class of Activity:

Miscellaneous Grants

Donee's Name:

Beta Phi Education Foundation

Donee's Address:

5055 E. Broadway Blvd., Suite B-100

Tucson, AZ 85711

Relationship of Donee:

Organizational Status of Donee:

Amount Given:

2,548.

Class of Activity:

Sports

Donee's Name:

Cal Baseball Foundation

Donee's Address:

1801 N. California Blvd., Suite 101

Walnut Creek, CA 94596

Relationship of Donee:

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Client PAY06

Payne Family Foundation

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**Statement 5 (continued)**  
**Form 990-PF, Part I, Line 25**  
**Contributions, Gifts, and Grants**

Organizational Status of Donee:

Amount Given: \$ 1,000.

Class of Activity:

Donee's Name: California Game Wardens Foundation  
Donee's Address: 2180 Sand Hill Road, Suite 100  
Menlo Park, CA 94025

Relationship of Donee:

Organizational Status of Donee: Amount Given: 5,000.

Class of Activity:

Donee's Name: Sports  
College of San Mateo  
Donee's Address: 1700 West Hillsdale Blvd.  
San Mateo, CA 94402

Relationship of Donee:

Organizational Status of Donee: Amount Given: 500.

Class of Activity:

Donee's Name: Sports  
Eastside School  
Donee's Address: 1041 Myrtle Street  
East Palo Alto, CA 94303

Relationship of Donee:

Organizational Status of Donee: Amount Given: 700.

Class of Activity:

Donee's Name: Education  
Haas Business School Fund  
Donee's Address: F602 Haas School, #6105  
Berkeley, CA 94720

Relationship of Donee:

Organizational Status of Donee: Amount Given: 15,000.

Class of Activity:

Donee's Name: Miscellaneous Grants  
Northwestern University  
Donee's Address: 950 Sylvan Lane  
Mamaroneck, NY 10543

Relationship of Donee:

Organizational Status of Donee: Amount Given: 1,000.

Class of Activity:

Donee's Name: Community Outreach  
Pacific Legal Foundation  
Donee's Address: 930 G Street  
Sacramento, CA 95814

Relationship of Donee:

Organizational Status of Donee: Amount Given: 1,000.

Class of Activity:

Donee's Name: Education  
SFBAC, Boy Scouts of America  
Donee's Address: 1001 Davis Street  
San Leandro, CA 94577

Relationship of Donee:

Organizational Status of Donee:

2012

## Federal Statements

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## Client PAY06

## Payne Family Foundation

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**Statement 5 (continued)**  
**Form 990-PF, Part I, Line 25**  
**Contributions, Gifts, and Grants**

Amount Given: \$ 1,000.

Class of Activity: Children's Programs  
Donee's Name: St. Dorothy's Rest  
Donee's Address: P.O. Box B  
Camp Meeker, CA 95419

Relationship of Donee: \_\_\_\_\_  
Organizational Status of Donee: \_\_\_\_\_  
Amount Given: 250.

Class of Activity: Children's Programs  
Donee's Name: The First Tee of San Francisco  
Donee's Address: 99 Harding Road  
San Francisco, CA 94132

Relationship of Donee: San Francisco, CA 94102  
Organizational Status of Donee:  
Amount Given: 1,000.

Relationship of Donee:  
Organizational Status of Donee:  
Amount Given: 5,000.

#### Noncash Grants and Allocations

Class of Activity: Sports  
Donee's Name: Cal Baseball Foundation  
Donee's Address: 1801 N. California Blvd., Suite 101  
Walnut Creek, CA 94596

Relationship of Donee: **Walnut Creek, CA 94590**  
Organizational Status of Donee:  
FMV of Property: **306.**

FMV of Property: **Business Card Case** \$000.

Description of Property: Business Card Case  
Date of Gift: 6/21/2012  
Book Value: 306.  
Method used to Determine BV: Purchase  
Method used to Determine FMV: Thrift Shop Value

Total \$ 80,574.

### **Statement 6**

**Form 990-PF, Part XV, Line 1a**

**Form 55011, Part XV, Line 1a  
Foundation Managers - 2% or More Contributors**

Roslyn B. Payne  
Lisle W. Payne

2012

**Federal Statements**

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**Statement 7**  
**Form 990-PF, Part XV, Line 2a-d**  
**Application Submission Information**

Name of Grant Program:

Name: Lisle and Roslyn Payne

Care Of:

Street Address: 3490 California Street, Suite 209

City, State, Zip Code: San Francisco, CA 94118

Telephone:

E-Mail Address:

Form and Content:

Submission Deadlines: None

Restrictions on Awards:

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The annual return of the Payne Family Foundation is available for inspection by any citizen during regular business hours 9:00 a.m. to 5:00 pm for a period of 180 days from the date of this publication, at its principal office, 3490 California Street, Suite 209, SF, CA 94118. This notice is published in accordance with Section 6104 of the Internal Revenue Code. Roslyn B. Payne, Foundation President 415-981-2810

5/1/13

**SF-2479516#**

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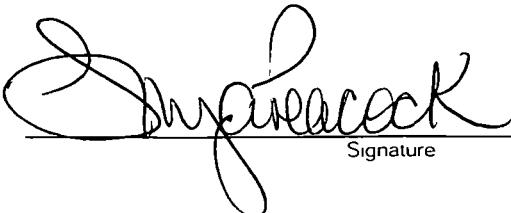
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PAYNE FAMILY FOUNDATION

I am a citizen of the United States and a resident of the State of California, I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN FRANCISCO DAILY JOURNAL, a newspaper published in the English language in the city of SAN FRANCISCO, county of SAN FRANCISCO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN FRANCISCO, State of California, under date 06/28/1990, Case Nos. 670493 and 18,469. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

05/01/2013

Executed on 05/01/2013  
At SAN FRANCISCO, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct

  
Signature



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