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Return of Private Foundation

2013

Department of the Treasury
Internal Revenue Service

or Section 4947(a)(1) Trust Treated as Private Foundation
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Open to Public Inspection

For calendar year 2013 or tax year beginning

, and ending

Name of foundation THE KARNES MEMORIAL FUND BLUESTEM NAT'L BANK, TRUSTEE		A Employer identification number 37-6243213
Number and street (or P O box number if mail is not delivered to street address) 606 WEST OAK ST., P.O. BOX 288	Room/suite	B Telephone number (815) 692-2302
City or town, state or province, country, and ZIP or foreign postal code FAIRBURY, IL 61739		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Address change		D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 2,331,795.	J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses		(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				N/A	
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B					
3 Interest on savings and temporary cash investments		213.	213.		STATEMENT 1
4 Dividends and interest from securities		17,915.	17,915.		STATEMENT 2
5a Gross rents		142,891.	142,891.		STATEMENT 3
b Net rental income or (loss) 82,616.					STATEMENT 4
6a Net gain or (loss) from sale of assets not on line 10		1,658.			
b Gross sales price for all assets on line 6a 1,658.					
7 Capital gain net income (from Part IV, line 2)			1,658.		
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 or (loss)					
11 Other income					
12 Total Add lines 1 through 11		162,677.	162,677.		
13 Compensation of officers, directors, trustees, etc		7,388.	0.		7,388.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees STMT 5		4,300.	0.		4,300.
b Accounting fees STMT 6		12,491.	0.		12,491.
c Other professional fees					
17 Interest					
18 Taxes STMT 7		8,729.	7,726.		15.
19 Depreciation and depletion		394.	394.		
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 8		52,225.	52,225.		0.
24 Total operating and administrative expenses Add lines 13 through 23		85,527.	60,345.		24,194.
25 Contributions, gifts, grants paid		85,200.			85,200.
26 Total expenses and disbursements. Add lines 24 and 25		170,727.	60,345.		109,394.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		-8,050.			
b Net investment income (if negative, enter -0-)			102,332.		
c Adjusted net income (if negative, enter -0-)				N/A	

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Part II Balance Sheets <small>Attached schedules and amounts in the description column should be for end-of-year amounts only</small>		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	79,144.	60,790.	60,790.
	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			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock			
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment basis ▶	632,052.		
Less accumulated depreciation STMT 9 ▶	10,460.	620,201.	621,592.	
12 Investments - mortgage loans				
13 Investments - other STMT 10	454,941.	463,854.	538,084.	
14 Land, buildings, and equipment: basis ▶				
Less accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item 1)	1,154,286.	1,146,236.	2,331,795.	
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			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>			
	and complete lines 24 through 26 and lines 30 and 31			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>			
	and complete lines 27 through 31			
	27 Capital stock, trust principal, or current funds	0.	0.	
28 Paid-in or capital surplus, or land, bldg, and equipment fund	0.	0.		
29 Retained earnings, accumulated income, endowment, or other funds	1,154,286.	1,146,236.		
30 Total net assets or fund balances	1,154,286.	1,146,236.		
31 Total liabilities and net assets/fund balances	1,154,286.	1,146,236.		

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)	1,154,286.
2 Enter amount from Part I, line 27a	-8,050.
3 Other increases not included in line 2 (itemize) ▶	0.
4 Add lines 1, 2, and 3	1,146,236.
5 Decreases not included in line 2 (itemize) ▶	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	1,146,236.

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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 CAPITAL GAIN DISTRIBUTIONS - VANGUARD		P	VARIOUS	12/31/13
b CAPITAL GAIN DISTRIBUTIONS - WASHINGTON				
c MUTUAL		P	VARIOUS	12/31/13
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 440.			440.	
b				
c 1,218.			1,218.	
d				
e				
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		
a			440.	
b				
c			1,218.	
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 1,658.
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). If (loss), enter -0- in Part I, line 8		{ }		3 N/A

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))
2012	109,855.	2,160,544.	.050846
2011	107,176.	2,161,186.	.049591
2010	100,148.	2,151,263.	.046553
2009	66,503.	2,109,588.	.031524
2008	73,101.	1,345,640.	.054324
2 Total of line 1, column (d)			2 .232838
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 .046568
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5			4 2,277,660.
5 Multiply line 4 by line 3			5 106,066.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 1,023.
7 Add lines 5 and 6			7 107,089.
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			8 109,394.

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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 checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	1,023.
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	1,023.
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	1,023.
6	Credits/Payments		
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a	1,040.
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	1,040.
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	
10	Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	17.
11	Enter the amount of line 10 to be: Credited to 2014 estimated tax <input type="checkbox"/> 17. Refunded <input checked="" type="checkbox"/>	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
1c		X
2		X
3		X
4a		X
4b		
5		X
6	X	
7	X	
8a		
8b	X	
9		X
10		X

Note: Questions 4a, 4b, 5, 6, 7, 8a, 8b, 9, and 10 are marked with "N/A" in the original document.

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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)			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)			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A		X	
14	The books are in care of ▶ THOMAS BRUCKER Telephone no. ▶ (815) 692-2302 Located at ▶ 606 WEST OAK ST., FAIRBURY, IL ZIP+4 ▶ 61739			
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		N/A	
16	At any time during calendar year 2013, 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 ▶		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	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 2013? ▶	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 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) 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. ▶		
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 2013 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 2013) 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 2013?	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)? 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)? Yes No
 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)

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

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

(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
THOMAS L. LADEAIROUS 101 WEST CHESTNUT STREET FAIRBURY, IL 61739	TRUSTEE 5.00	0.	0.	0.
REV. KIM ERNST 801 NORTH FIRST STREET FAIRBURY, IL 61739	CHAIRMAN 5.00	0.	0.	0.
BLUESTEM NATIONAL BANK 104 EAST LOCUST STREET FAIRBURY, IL 61739	TRUSTEE 0.00	0.	0.	0.
LYNN METZ 1264 EAST 1900 NORTH ROAD ROBERTS, IL 60962	TRUSTEE 5.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). 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. 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		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 SCHOLARSHIPS	
	85,200.
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 NONE	
	0.
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	509,457.
b	Average of monthly cash balances	1b	69,967.
c	Fair market value of all other assets	1c	1,732,921.
d	Total (add lines 1a, b, and c)	1d	2,312,345.
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	2,312,345.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	34,685.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,277,660.
6	Minimum investment return. Enter 5% of line 5	6	113,883.

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	113,883.
2a	Tax on investment income for 2013 from Part VI, line 5	2a	1,023.
b	Income tax for 2013 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	1,023.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	112,860.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	112,860.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	112,860.

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	109,394.
b	Program-related investments - total from Part IX-B	1b	0.
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	109,394.
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	5	1,023.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	108,371.

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.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7				112,860.
2 Undistributed income, if any, as of the end of 2013				
a Enter amount for 2012 only			102,198.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2013:				
a From 2008				
b From 2009				
c From 2010				
d From 2011				
e From 2012				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2013 from Part XII, line 4. ▶ \$ 109,394.				
a Applied to 2012, but not more than line 2a			102,198.	
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 2013 distributable amount				7,196.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2013 (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	0.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
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 2012. Subtract line 4a from line 2a Taxable amount - see instr.			0.	
f Undistributed income for 2013. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014				105,664.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2008 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2014 Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2009				
b Excess from 2010				
c Excess from 2011				
d Excess from 2012				
e Excess from 2013				

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 2013, 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) 2013	(b) 2012	(c) 2011	(d) 2010	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities					
Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon.					
a "Assets" alternative test - enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see instructions.)

1 **Information Regarding Foundation Managers:**
 a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

NONE

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

NONE

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

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

SEE STATEMENT 11

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	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>				
SEE ATTACHED SCHEDULE	NONE	NC	SCHOLARSHIPS	85,200.
Total			▶ 3a	85,200.
<i>b Approved for future payment</i>				
NONE				
Total			▶ 3b	0.

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
BLUESTEM NATIONAL BANK	186.	186.	
STEFFEN FARM ACCOUNT	27.	27.	
TOTAL TO PART I, LINE 3	213.	213.	

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
BLUESTEM NATIONAL BANK	17,915.	0.	17,915.	17,915.	
TO PART I, LINE 4	17,915.	0.	17,915.	17,915.	

FORM 990-PF RENTAL INCOME STATEMENT 3

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
FARM	1	142,891.
TOTAL TO FORM 990-PF, PART I, LINE 5A		142,891.

FORM 990-PF RENTAL EXPENSES STATEMENT 4

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
DEPRECIATION		394.	
PESTICIDES		6,416.	
FERTILIZER		7,773.	
SEED		4,512.	
MACHINE HIRE		635.	

DRYING		1,478.	
STORAGE		198.	
INSURANCE		1,345.	
MISCELLANEOUS		92.	
PROPERTY TAXES		7,726.	
PAYMENT TO FARM TENANT		29,706.	
	- SUBTOTAL -	1	60,275.
TOTAL RENTAL EXPENSES			60,275.
NET RENTAL INCOME TO FORM 990-PF, PART I, LINE 5B			82,616.

FORM 990-PF LEGAL FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	4,300.	0.		4,300.
TO FM 990-PF, PG 1, LN 16A	4,300.	0.		4,300.

FORM 990-PF ACCOUNTING FEES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PROFESSIONAL FEES	12,491.	0.		12,491.
TO FORM 990-PF, PG 1, LN 16B	12,491.	0.		12,491.

FORM 990-PF TAXES STATEMENT 7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ILLINOIS FILING FEE	15.	0.		15.
FEDERAL EXCISE TAX	988.	0.		0.
PROPERTY TAXES	7,726.	7,726.		0.
TO FORM 990-PF, PG 1, LN 18	8,729.	7,726.		15.

FORM 990-PF	OTHER EXPENSES	STATEMENT	8
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISCELLANEOUS	70.	70.		0.
PESTICIDES	6,416.	6,416.		0.
FERTILIZER	7,773.	7,773.		0.
SEED	4,512.	4,512.		0.
MACHINE HIRE	635.	635.		0.
DRYING	1,478.	1,478.		0.
STORAGE	198.	198.		0.
INSURANCE	1,345.	1,345.		0.
MISCELLANEOUS	92.	92.		0.
PAYMENT TO FARM TENANT	29,706.	29,706.		0.
TO FORM 990-PF, PG 1, LN 23	52,225.	52,225.		0.

FORM 990-PF	DEPRECIATION OF ASSETS HELD FOR INVESTMENT	STATEMENT	9
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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
NEW TILE	6,605.	6,605.	0.
LAND	620,411.	0.	620,411.
FULLY DEPRECIATED TILE	1,785.	1,785.	0.
NEW TILE	1,650.	1,375.	275.
NEW TILE	1,601.	695.	906.
TOTAL TO FM 990-PF, PART II, LN 11	632,052.	10,460.	621,592.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	10
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS	COST	463,854.	538,084.
TOTAL TO FORM 990-PF, PART II, LINE 13		463,854.	538,084.

FORM 990-PF

GRANT APPLICATION SUBMISSION INFORMATION
PART XV, LINES 2A THROUGH 2D

STATEMENT 11

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

THE KARNES MEMORIAL FUND BOARD OF GOVERNORS
P.O. BOX 302
FAIRBURY, IL 61739

TELEPHONE NUMBER

(815)692-2302

FORM AND CONTENT OF APPLICATIONS

GENERAL BACKGROUND, SCHOOL/COMMUNITY ACTIVITIES & PARENTS' FINANCIAL ANALYSIS MUST BE SUBMITTED

ANY SUBMISSION DEADLINES

MARCH 1

RESTRICTIONS AND LIMITATIONS ON AWARDS

MUST BE GRADUATE OF PRAIRIE CENTRAL COMMUNITY UNIT SCHOOL DISTRICT #8, WHICH SERVES FAIRBURY, FORREST, & CHATSWORTH, IL

High School Recipients
2013-2014 Academic Year

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Sabin R. Brummitt 40387 East 2300 North Road Cropsey, Illinois 61731	\$ 200.00	\$ 200.00	\$ 400.00
Macey N. Coppinger 304 North Eighth Street Fairbury, Illinois 61739	600.00	600.00	1,200.00
Danette R. DeWeese 210 West Elm Street Fairbury, Illinois 61739	600.00	600.00	1,200.00
Jordan R. Dunahee 408 West Pine Street Fairbury, Illinois 61739	600.00	600.00	1,200.00
Brianne A. Edelman 3148 North 2400 East Road Fairbury, Illinois 61739	200.00	200.00	400.00
Chance L. Edelman 205 East Wanda Lane Fairbury, Illinois 61739	200.00	200.00	400.00
Kelsey J. Haas 24029 East 1200 North Road Fairbury, Illinois 61739	200.00	200.00	400.00
Frederic J. Hartman 410 North Tenth Street Fairbury, Illinois 61739	200.00	200.00	400.00
Emily G. Heiser 10649 North 2400 East Road Fairbury, Illinois 61739	600.00	600.00	1,200.00
Logan J. Honegger 5226 North 2800 East Road Forrest, Illinois 61741	200.00	200.00	400.00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Brianna M Ifft 26436 East 1000 North Road Forrest, Illinois 61741	600 00	600 00	1,200 00
Kyle T Moody 502 South Seventh Street Chatsworth, Illinois 60921	600 00	600 00	1,200 00
Jacob G. Perry 23858 East 1000 North Road Fairbury, Illinois 61739	600.00	600 00	1,200 00
Christopher A. Ragiund 915 Lincoln Street Chenoa, Illinois 61726	200 00	200.00	400 00
Armanda C Razo 710 East Elm Street Fairbury, Illinois 61739	600 00	600 00	1,200 00
Anna C Ricketts 2 Kristina Drive Fairbury, Illinois 61739	600 00	600 00	1,200 00
Evan P Rieger 36 Pleasant View Drive Forrest, Illinois 61741	600.00	600 00	1,200 00
Eliza M Roth 3859 North 2700 East Road Forrest, Illinois 61741	600 00	600 00	1,200 00
Bryton E. Seeman 10054 North 1300 East Road Chenoa, Illinois 61726	200.00	200 00	400.00
Skyler A Steving 226 East John Street Forrest, Illinois 61741	200 00	200 00	400 00
Lincoln R Slagel 1313 North 2500 East Road Fairbury, Illinois 61739	600 00	600 00	1,200 00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Cardice D Steidinger 200 North Pearl Street Forrest, Illinois 61741	200 00	200 00	400.00
Biancon D Stoiler 100 East Columbia Street Fairbury, Illinois 61739	600.00	600.00	1,200 00
Bernadette C. Strong 9106 North 2150 East Road Fairbury, Illinois 61739	200 00	200 00	400 00
Madison H Wallace 327 East South Street Forrest, Illinois 61741	600 00	600 00	1,200 00
Gabrielle R Weber 2479 North 3400 East Road Chatsworth, Illinois 60921	600 00	600 00	1,200 00
Abigail P Wilson 302 East Wanda Lane Fairbury, Illinois 61739	200 00	200 00	400 00
Caleb M Zeedyk 211 East Sycamore Street Chatsworth, Illinois 60921	200 00	200.00	400 00
Total	11,600 00	11,600 00	\$23,200 00

COLLEGE RECIPIENTS
2013-2014 ACADEMIC YEAR

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Kirsten D Brummitt 40387 East 2300 North Road Cropsey, Illinois 61731	1,250 00	1,250 00	2,500 00
Kaley M. Corban 44 Clover Lane Fairbury, Illinois 61739	1,250 00	1,250 00	2,500 00
Alexander L Diller 213 East Sycamore Chatsworth, Illinois 60921	1,750 00	1,750 00	3,500 00
Haley J. Haberkorn 524 North Williams Forrest, Illinois 61741	1,250 00	1,250 00	2,500 00
Claire E Hammer 7377 North 2200 East Road Fairbury, Illinois 61739	1,250.00	1,250 00	2,500 00
Timothy M Hartman 410 North 10 th Street Fairbury, Illinois 61739	250.00	250.00	500 00
Paige M. Heiser 10649 North 2400 East Road Fairbury, Illinois 61739	1,250.00	1,250 00	2,500 00
Chloe E. Hermes 204 East Locust Street Fairbury, Illinois 61739	1,250 00	1,250 00	2,500.00
Elizabeth M Kinate 100 West Willow Street Fairbury, Illinois 61739	1,250 00	1,250.00	2,500 00
Zachary F Lawrence 103 West Amber Drive Fairbury, Illinois 61739	1,250 00	1,250 00	2,500 00
Archie D McReynolds 406 West Elm Street Fairbury, Illinois 61739	1,750 00	1,750 00	3,500 00
Chase E Mowery 719 East Locust Street Fairbury, Illinois 61739	1,250 00	1,250 00	2,500 00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Rebecca A. Nussbaum 307 East Hickory Street Fairbury, Illinois 61739	1,250 00	1,250.00	2,500 00
Maci L. Oelschlager 39 Lakeview Drive Fairbury, Illinois 61739	250 00	500.00	500 00
Jordan D. Pilgrim 5322 North 2040 East Road Fairbury, Illinois 61739	1,250 00	1,250.00	2,500 00
Kristen E. Steidinger 309 North 1 st Avenue Chenoa, Illinois 61726	1,250 00	1,250.00	2,500.00
Dylan M. Stork 33963 East 1200 North Road Chatsworth, Illinois 60921	1,250 00	1,250 00	2,500.00
Lynette R. Waldbeser 5484 North 2100 East Road Fairbury, Illinois 61739	1,250 00	1,250 00	2,500.00
Austin R. Wenger 502 Northgate Drive St. Joseph, Illinois 61873	1,750.00	1,750 00	3,500 00
Kimberly J. Wenger 6444 North 2400 East Road Fairbury, Illinois 61739	1,250 00	1,250 00	2,500.00
Nicole M. Wenger 6444 North 2400 East Road Fairbury, Illinois 61739	1,250 00	1,250 00	2,500 00
Calvin J. Werzel 2758 Arrowhead Drive Bloomington, Illinois 61704	1,250 00	1,250 00	2,500 00
Alma L. White 1.7 North Green Street Chenoa, Illinois 61726	1,250 00	1,250 00	2,500 00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Abraham L. Zehn 3617 North 2300 East Road Fairbury, Illinois 61739	250 00	250 00	500 00
Micah J. Zehn 3617 North 2300 East Road Fairbury, Illinois 61739	1,250 00	1,250 00	2,500.00
Thane E. Zehn 3285 North 2300 East Road Fairbury, Illinois 61739	1,250.00	1,250 00	2,500 00
Totals	\$31,000.00	\$31,000.00	\$62,000.00