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Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

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Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

2014

Open to Public Inspection

For calendar year 2014 or tax year beginning

, and ending

Name of foundation

HARRY A. MERLO FOUNDATION, INC.

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

1001 SE SANDY BLVD

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

PORTLAND, OR 97214

A Employer identification number

94-3086742

B Telephone number

(503) 963-9463

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)

\$ 8,008,951.

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).)

	(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	441.			
2 Check ☒ if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments	89.	89.		STATEMENT 1
4 Dividends and interest from securities	290,504.	290,504.		STATEMENT 2
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	45,947.			
b Gross sales price for all assets on line 6a	1,378,495.			
7 Capital gain net income (from Part IV, line 2)		45,947.		
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	5,813.	13.	0.	STATEMENT 3
12 Total. Add lines 1 through 11	342,794.	336,553.	0.	
13 Compensation of officers, directors, trustees, etc.	2,500.	0.	0.	2,500.
14 Other employee salaries and wages	44,789.	0.	5,800.	38,989.
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees	6,950.	0.	0.	6,950.
c Other professional fees	1,330.	0.	0.	1,330.
17 Interest				
18 Taxes	26,585.	17,664.	0.	8,871.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings	1,169.	0.	0.	1,169.
22 Printing and publications				
23 Other expenses	74,268.	34,512.	0.	39,756.
24 Total operating and administrative expenses. Add lines 13 through 23	157,591.	52,176.	5,800.	99,565.
25 Contributions, gifts, grants paid	380,235.			380,235.
26 Total expenses and disbursements. Add lines 24 and 25	537,826.	52,176.	5,800.	479,800.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-195,032.			
b Net investment income (if negative, enter -0-)		284,377.		
c Adjusted net income (if negative, enter -0-)			0.	

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	500.	500.	500.
	2 Savings and temporary cash investments	437,502.	759,324.	759,324.
	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	758.		
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations STMT 9	85,627.	85,627.	99,045.
	b Investments - corporate stock STMT 10	2,597,101.	3,060,239.	3,655,526.
	c Investments - corporate bonds STMT 11	1,946,030.	1,816,213.	1,845,276.
Liabilities	11 Investments - land, buildings, and equipment basis ▶			
	Less: accumulated depreciation ▶			
	12 Investments - mortgage loans STMT 12	18,332.	14,305.	14,305.
	13 Investments - other STMT 13	1,309,562.	434,070.	407,723.
	14 Land, buildings, and equipment: basis ▶ 1,036,887.			
	Less: accumulated depreciation STMT 14 ▶ 19,807.	989,280.	1,017,080.	1,017,080.
	15 Other assets (describe ▶ WORKS OF ART)	210,172.	210,172.	210,172.
	16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	7,594,864.	7,397,530.	8,008,951.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
Net Assets or Fund Balances	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.	
	Foundations that follow SFAS 117, check here ▶ ☐			
	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 ▶ ☒			
	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	7,594,864.	7,397,530.	
	30 Total net assets or fund balances	7,594,864.	7,397,530.	
	31 Total liabilities and net assets/fund balances	7,594,864.	7,397,530.	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	7,594,864.
2 Enter amount from Part I, line 27a	2	-195,032.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	7,399,832.
5 Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 8	5	2,302.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	7,397,530.

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			
b SEE ATTACHED STATEMENTS			
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 1,378,495.		1,332,548.	45,947.

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			
b			
c			
d			
e			45,947.

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	45,947.
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))
2013	435,428.	6,846,127.	.063602
2012	511,719.	6,758,377.	.075716
2011	378,313.	6,840,879.	.055302
2010	396,304.	6,915,025.	.057311
2009	378,583.	6,504,266.	.058205

2 Total of line 1, column (d)	2	.310136
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	.062027
4 Enter the net value of noncharitable-use assets for 2014 from Part X, line 5	4	6,950,346.
5 Multiply line 4 by line 3	5	431,109.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,844.
7 Add lines 5 and 6	7	433,953.
8 Enter qualifying distributions from Part XII, line 4	8	507,600.

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)

1a 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	2,844.
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	2,844.
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	2,844.
6 Credits/Payments:			
a 2014 estimated tax payments and 2013 overpayment credited to 2014	6a	5,120.	
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	5,120.	
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		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	2,276.	
11 Enter the amount of line 10 to be: Credited to 2015 estimated tax ☒ 2,276. Refunded ☐	11	0.	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for the definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
1c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ☒ \$ 0. (2) On foundation managers. ☒ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ☒ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ☒ OR, CA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2014 or the taxable year beginning in 2014 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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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? Website address ► <u>N/A</u>	13	X	
14	The books are in care of ► <u>HARRY A MERLO</u> Telephone no. ► <u>(503) 963-9463</u> Located at ► <u>1001 SE SANDY BLVD, PORTLAND, OR</u> ZIP+4 ► <u>97214</u>			
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 ► <u>15</u> <u>N/A</u>			
16	At any time during calendar year 2014, 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 FinCEN Form 114, (formerly TD F 90-22.1). If "Yes," enter the name of the foreign country ►	16	Yes	No X

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

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

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ 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)? Organizations relying on a current notice regarding disaster assistance check here	<u>N/A</u> ► ☐	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 2014?		1c
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2014, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2014? If "Yes," list the years ►	☐ Yes ☒ No	
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	<u>N/A</u>	2b
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ►		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No	
b If "Yes," did it have excess business holdings in 2014 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 2014)	<u>N/A</u>	3b
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a
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 2014?		4b

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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 4945(d)(4)(A)? (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)?

N/A

5b

Organizations relying on a current notice regarding disaster assistance check here

☒

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

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?

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?

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.

(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
HARRY A. MERLO	PRESIDENT			
1001 SE SANDY BLVD				
PORTLAND, OR 97214	3.00	0.	0.	0.
FLORENCE NEWTON	DIRECTOR			
2250 NE 25TH AVENUE				
HILLSBORO, OR 97124	1.00	2,500.	0.	0.
LINDA HANSON	DIRECTOR			
11799 NE FINN HILL LOOP				
CARLTON, OR 97111	8.00	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

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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. 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 N/A	
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 N/A	
2	
All other program-related investments. See instructions.	
3	

Total. Add lines 1 through 3

0.

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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	1a	6,369,912.
b	Average of monthly cash balances	1b	597,277.
c	Fair market value of all other assets	1c	89,000.
d	Total (add lines 1a, b, and c)	1d	7,056,189.
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	7,056,189.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	105,843.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	6,950,346.
6	Minimum investment return. Enter 5% of line 5	6	347,517.

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	347,517.
2a	Tax on investment income for 2014 from Part VI, line 5	2a	2,844.
b	Income tax for 2014. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,844.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	344,673.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	344,673.
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	344,673.

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	479,800.
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	27,800.
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	507,600.
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	2,844.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	504,756.

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 2013	(c) 2013	(d) 2014
1 Distributable amount for 2014 from Part XI, line 7				344,673.
2 Undistributed income, if any, as of the end of 2014				
a Enter amount for 2013 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2014:				
a From 2009	57,452.			
b From 2010	57,549.			
c From 2011	43,836.			
d From 2012	178,860.			
e From 2013	98,203.			
f Total of lines 3a through e	435,900.			
4 Qualifying distributions for 2014 from Part XII, line 4: ► \$	507,600.			
a Applied to 2013, but not more than line 2a			0.	
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 2014 distributable amount				344,673.
e Remaining amount distributed out of corpus	162,927.			
5 Excess distributions carryover applied to 2014 (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:	598,827.			
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
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 2013. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2014. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2015				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)	0.			
8 Excess distributions carryover from 2009 not applied on line 5 or line 7	57,452.			
9 Excess distributions carryover to 2015. Subtract lines 7 and 8 from line 6a	541,375.			
10 Analysis of line 9:				
a Excess from 2010	57,549.			
b Excess from 2011	43,836.			
c Excess from 2012	178,860.			
d Excess from 2013	98,203.			
e Excess from 2014	162,927.			

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
SEE SCHEDULE ATTACHED				
Total			3a	0.
b Approved for future payment				
NONE				
Total			3b	0.

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

1a(1)		X
-------	--	---

1a(2)		X
-------	--	---

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 solicitation

1b(1)		X
-------	--	---

1b(2)		X
-------	--	---

1b(3)		X
-------	--	---

1b(4)		X
-------	--	----------

1b(5)		X
-------	--	----------

1b(6)		X
-------	--	---

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

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

[illegible]

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

☐ Yes ☒ No

b If "Yes," complete the following schedule.

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

**Sign
Here**

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

Signature of officer or trustee

Date _____

Title

May the IRS discuss this return with the preparer shown below (see instr. 7)?

☒ Yes ☐ No**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ self-employed

PTIN

Firm's name ► **HOLDNER, BACKSTROM, BAUM & CO. CPA'S**

Firm's EIN ► 93-0495817

Firm's address ► 975 S.E. SANDY BLVD
PORTLAND OR 97214

Phone no. 503-233-4601

Form **990-PF** (2014)

HARRY A. MERLO FOUNDATION, INC.

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	608.210 COLUMBIA INCOME OPPORTUNITY FUND	P		11/04/14
b	12176.804 COLUMBIA INCOME OPPORTUNITY FUND	P		11/04/14
c	833.213 INTERMEDIATE BOND FUND	P		11/04/14
d	24825.062 INTERMEDIATE BOND FUND	P		11/04/14
e	800 WISDOMTREE EMERGING MARKETS FUND	P	03/31/11	11/04/14
f	1385.285 COLUMBIA REAL ESTATE EQUITY FUND	P		11/04/14
g	13614.711 COLUMBIA REAL ESTATE EQUITY FUND	P		11/04/14
h	1864.185 COLUMBIA SMALL CAP FUND	P		11/04/14
i	10917.680 COLUMBIA SMALL CAP FUND	P		11/04/14
j	1088 WISDOMTREE INTL LARGE CAP DIVIDEND FUND	P	01/03/11	11/04/14
k	200 ABBVIE INC	P	11/22/10	01/06/14
l	300 ABBVIE INC	P	01/03/11	01/06/14
m	100 CISCO SYSTEMS INC	P	01/30/07	02/12/14
n	300 CISCO SYSTEMS INC	P	04/26/07	02/12/14
o	100 CISCO SYSTEMS INC	P	04/27/07	02/12/14

(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 6,174.		6,177.	-3.
b 123,594.		131,392.	-7,798.
c 7,657.		7,593.	64.
d 228,142.		223,501.	4,641.
e 37,558.		48,899.	-11,341.
f 22,289.		18,615.	3,674.
g 219,061.		246,248.	-27,187.
h 54,938.		59,300.	-4,362.
i 321,744.		248,204.	73,540.
j 53,163.		49,994.	3,169.
k 10,025.		4,900.	5,125.
l 15,037.		7,482.	7,555.
m 2,279.		2,629.	-350.
n 6,838.		8,063.	-1,225.
o 2,279.		2,702.	-423.

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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			-3.
b			-7,798.
c			64.
d			4,641.
e			-11,341.
f			3,674.
g			-27,187.
h			-4,362.
i			73,540.
j			3,169.
k			5,125.
l			7,555.
m			-350.
n			-1,225.
o			-423.

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). If (loss), enter "-0-" in Part I, line 8 }	3

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	100 COSTCO WHSL CORP	P	11/10/05	01/06/14
b	200 NATIONAL OILWELL VARCO	P	02/11/13	04/29/14
c	500 VALERO ENERGY CORP	P	12/22/11	06/25/14
d	300 GREENBRIER COS INC	P	10/22/07	09/16/14
e	700 GREENBRIER COS INC	P	07/22/10	09/16/14
f	25000 MORGAN STANLEY 4.75%	P	07/17/09	04/01/14
g	25000 MORGAN STANLEY 4.75%	P	01/04/11	04/01/14
h	20000 DTE ENERGY CO 7.625%	P	07/16/09	05/15/14
i	8000 INTERNATIONAL PAPER 5.3%	P	07/17/09	09/08/14
j	10000 WHITING PETE CORP 6.5%	P	05/29/12	12/08/14
k	10000 WHITING PETE CORP 6.5%	P	06/27/12	12/08/14
l	680000 INFORMAL EDUCATION PRODUCTS	P		12/08/14
m	CAPITAL GAINS DIVIDENDS			
n				
o				

(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 11,606.		4,979.	6,627.
b 15,769.		13,640.	2,129.
c 25,354.		9,622.	15,732.
d 21,664.		7,835.	13,829.
e 50,550.		9,632.	40,918.
f 25,000.		24,588.	412.
g 25,000.		25,868.	-868.
h 20,000.		21,277.	-1,277.
i 8,223.		7,835.	388.
j 9,692.		10,764.	-1,072.
k 9,691.		10,809.	-1,118.
l 40,181.		120,000.	-79,819.
m 4,987.			4,987.
n			
o			

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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			6,627.
b			2,129.
c			15,732.
d			13,829.
e			40,918.
f			412.
g			-868.
h			-1,277.
i			388.
j			-1,072.
k			-1,118.
l			-79,819.
m			4,987.
n			
o			

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	45,947.
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

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
CHARLES SCHWAB	35.	35.	35.
FIRST REPUBLIC BANK	54.	54.	54.
TOTAL TO PART I, LINE 3	89.	89.	89.

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
CHARLES SCHWAB	172,295.	4,987.	167,308.	167,308.	167,308.
DFI FUNDING	2,302.	0.	2,302.	2,302.	2,302.
EAGON ENERGY CO.	110,000.	0.	110,000.	110,000.	110,000.
LUTHER BURBANK CORP	9,821.	0.	9,821.	9,821.	9,821.
MORTGAGE LOANS	1,073.	0.	1,073.	1,073.	1,073.
TO PART I, LINE 4	295,491.	4,987.	290,504.	290,504.	290,504.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
INVESTMENT ACCOUNTS LITIGATION	13.	13.	0.
PARK USE FEES	5,800.	0.	0.
TOTAL TO FORM 990-PF, PART I, LINE 11	5,813.	13.	0.

FORM 990-PF	ACCOUNTING FEES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
	6,950.	0.	0.	6,950.
TO FORM 990-PF, PG 1, LN 16B	6,950.	0.	0.	6,950.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
	1,330.	0.	0.	1,330.
TO FORM 990-PF, PG 1, LN 16C	1,330.	0.	0.	1,330.

FORM 990-PF	TAXES	STATEMENT	6
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INTERNAL REVENUE SERVICE	7,641.	0.	0.	7,641.
OREGON DEPT OF JUSTICE	761.	0.	0.	761.
CALIFORNIA FRANCHISE TAX				
BOARD	10.	0.	0.	10.
PROPERTY TAXES	459.	0.	0.	459.
FOREIGN TAX PAID ON				
DIVIDENDS	17,664.	17,664.	0.	0.
OREGON CORPORATION				
DIVISION	50.	0.	0.	0.
TO FORM 990-PF, PG 1, LN 18	26,585.	17,664.	0.	8,871.

FORM 990-PF	OTHER EXPENSES			STATEMENT	7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
PARK REPAIRS AND MAINTENANCE	9,574.	0.	0.	9,574.	
PARK SUPPLIES	2,185.	0.	0.	2,185.	
PARK UTILITIES	19,988.	0.	0.	19,988.	
PARK INSURANCE	5,039.	0.	0.	5,039.	
PARK GASOLINE AND PROPANE	2,401.	0.	0.	2,401.	
PARK AUTO EXPENSE	371.	0.	0.	371.	
MANAGEMENT FEES FOR INVESTMENT ACCOUNTS	34,512.	34,512.	0.	0.	
PARK FEES AND LICENSES	152.	0.	0.	152.	
POSTAGE	46.	0.	0.	46.	
TO FORM 990-PF, PG 1, LN 23	74,268.	34,512.	0.	39,756.	

FORM 990-PF	OTHER DECREASES IN NET ASSETS OR FUND BALANCES	STATEMENT	8
DESCRIPTION	AMOUNT		
INTEREST INCOME ON TAX RETURN NOT ON BOOKS	2,302.		
TOTAL TO FORM 990-PF, PART III, LINE 5	2,302.		

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS			STATEMENT	9
DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE	
US GOVERNMENT SECURITIES	X		85,627.	99,045.	
TOTAL U.S. GOVERNMENT OBLIGATIONS			85,627.	99,045.	
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS					
TOTAL TO FORM 990-PF, PART II, LINE 10A			85,627.	99,045.	

FORM 990-PF	CORPORATE STOCK	STATEMENT	10
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCK	3,060,239.	3,655,526.
TOTAL TO FORM 990-PF, PART II, LINE 10B	3,060,239.	3,655,526.

FORM 990-PF	CORPORATE BONDS	STATEMENT	11
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS AND NOTES	1,816,213.	1,845,276.
TOTAL TO FORM 990-PF, PART II, LINE 10C	1,816,213.	1,845,276.

FORM 990-PF	MORTGAGE LOANS	STATEMENT	12
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
MORTGAGE LOANS	14,305.	14,305.
TOTAL TO FORM 990-PF, PART II, LINE 12	14,305.	14,305.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	13
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS	COST	434,070.	407,723.
TOTAL TO FORM 990-PF, PART II, LINE 13		434,070.	407,723.

FORM 990-PF . DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 14

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
LAND	541,421.	0.	541,421.
BUILDING	270,278.	19,656.	250,622.
PUMP	2,500.	114.	2,386.
REFRIGERATOR	524.	37.	487.
BEVERAGE DISPENSER	199.	0.	199.
NEW ROOF	3,680.	0.	3,680.
KITCHEN FLOORING	1,501.	0.	1,501.
DISHWASHER	473.	0.	473.
SPRAYER	2,500.	0.	2,500.
SHOP ADDITION	4,357.	0.	4,357.
POWER WASHER	729.	0.	729.
STATUE COVER	475.	0.	475.
OFFICE CHAIR	214.	0.	214.
GENERATOR	2,674.	0.	2,674.
FOGGER	4,296.	0.	4,296.
WATER PUMP	13,479.	0.	13,479.
WELL	26,403.	0.	26,403.
LAWN MOWER	1,254.	0.	1,254.
SECURITY SYSTEM FOR PARK	1,921.	0.	1,921.
WATER FILTRATION SYSTEM	2,287.	0.	2,287.
BENCH WITH PLAQUE	1,212.	0.	1,212.
BENCH WITH PLAQUE	1,225.	0.	1,225.
BRIDE'S DRESSING ROOM	7,945.	0.	7,945.
PRESSURE DOSE SEPTIC SYSTEM	27,800.	0.	27,800.
MERLO PARK WATERFALL	117,540.	0.	117,540.
TOTAL TO FM 990-PF, PART II, LN 14	1,036,887.	19,807.	1,017,080.

HARRY A. MERLO FOUNDATION, INC.

DONATIONS 2014

	AMOUNT	PURPOSE
<u>HUMAN SERVICES</u>		
Boys Town	500.00	Operating
Butte County Fire & Rescue	1,000.00	Operating
Children of the Nation	10,000.00	Operating
Medical Teams International	2,500.00	Operating
Our Lady of Guadalupe	2,000.00	Operating
OHSU Foundation	2,000.00	Operating
Providence Medical	150,000.00	Operating
Santa Rosa Memorial Hospital Foundation	10,000.00	Operating
St Jude Children's Hospital	1,474.00	Operating
St Mary's Home for Boys	6,500.00	Operating
Union Gospel Mission	57.60	Operating
TOTAL	\$ 186,031.60	
<u>EDUCATION</u>		
Richard Herrera Family Scholarship Fund	1,000.00	Scholarship
Holy Cross Catholic School	1,000.00	Operating
Holy Redeemer Catholic School	2,000.00	Operating
Horation Alger Association	30,000.00	Scholarship
Oregon Historical Society	10,000.00	Operating
Oregon Historical Society	10,000.00	Operating
Portland After School Tennis Education	10,000.00	Operating
St Mary's Academy	5,000.00	Operating
World Forestry Center	25,000.00	Operating
World Forestry Center	25,000.00	Operating
World Forestry Center	25,000.00	Operating
World Forestry Center	25,000.00	Operating
TOTAL	\$ 169,000.00	

HARRY A. MERLO FOUNDATION, INC.

DONATIONS 2014

	AMOUNT	PURPOSE
<u>ARTS & CULTURE</u>		
Durham Coliseum	10,000.00	Operating
Oregon Music Hall	2,000.00	Operating
Portland Bologna Sister Assoc	500.00	Operating
TOTAL	\$ 12,500.00	
<u>SPORTS & RELATED</u>		
Oregon Sports Hall of Fame	750.00	Operating
Special Olympics	500.00	Operating
TOTAL	\$ 1,250.00	
<u>SMALL GRANTS</u>	11,453.00	Operating
TOTAL DISTRIBUTIONS TO DATE	\$ 380,234.60	