



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Return of Private Foundation

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

Do not enter social security numbers on this form as it may be made public.

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

2015

Open to Public Inspection

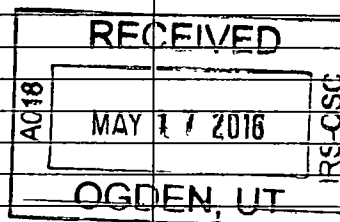
For calendar year 2015 or tax year beginning

, and ending

Name of foundation Frels Family Foundation		A Employer identification number 45-5629574
Number and street (or P.O. box number if mail is not delivered to street address) 332 Minnesota Street	Room/suite W-1520	B Telephone number 651-224-8478
City or town, state or province, country, and ZIP or foreign postal code St. Paul, MN 55101		C If exemption application is pending, check here ☐
G Check all that apply: ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 4,801,750.	J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

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		1,500,000.		N/A	
2 Check ☒ if the foundation is not required to attach Sch. B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities		136,141.	133,922.		Statement 1
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		177,659.			
b Gross sales price for all assets on line 6a 742,714.					
7 Capital gain net income (from Part IV, line 2)			177,659.		
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		1,813,800.	311,581.		
13 Compensation of officers, directors, trustees, etc.		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees Stmt 2		875.	875.		0.
c Other professional fees					
17 Interest					
18 Taxes Stmt 3		1,528.	0.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses Stmt 4		260.	260.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		2,663.	1,135.		0.
25 Contributions, gifts, grants paid		210,000.			210,000.
26 Total expenses and disbursements. Add lines 24 and 25		212,663.	1,135.		210,000.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		1,601,137.			
b Net investment income (if negative, enter -0-)			310,446.		
c Adjusted net income (if negative, enter -0-)				N/A	

SCANNED JUN 01 2016



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			
	2 Savings and temporary cash investments	894,609.	688,130.	688,130.
	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 Stmt 5	1,565,142.	2,630,238.	2,253,412.
	c Investments - corporate bonds Stmt 6	1,236,282.	1,977,442.	1,858,848.
	11 Investments - land, buildings, and equipment basis ▶ Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment: basis ▶ Less accumulated depreciation ▶			
15 Other assets (describe ▶ Statement 7)	0.	1,360.	1,360.	
16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	3,696,033.	5,297,170.	4,801,750.	
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 ▶ ☐ 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	952,595.	952,595.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	2,743,438.	4,344,575.	
30 Total net assets or fund balances	3,696,033.	5,297,170.		
31 Total liabilities and net assets/fund balances	3,696,033.	5,297,170.		

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	3,696,033.
2 Enter amount from Part I, line 27a	2	1,601,137.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	5,297,170.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	5,297,170.

Form 990-PF (2015)

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 Statement			
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 742,714.		565,055.	177,659.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) 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			
b			
c			
d			
e			177,659.

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	177,659.
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))
2014	140,000.	2,778,737.	.050383
2013	80,055.	1,535,148.	.052148
2012	50,500.	989,721.	.051024
2011			
2010			

2 Total of line 1, column (d)	2	.153555
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	.051185
4 Enter the net value of noncharitable-use assets for 2015 from Part X, line 5	4	4,196,472.
5 Multiply line 4 by line 3	5	214,796.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	3,104.
7 Add lines 5 and 6	7	217,900.
8 Enter qualifying distributions from Part XII, line 4	8	210,000.

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	6,209.
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	6,209.
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	6,209.
6 Credits/Payments:			
a 2015 estimated tax payments and 2014 overpayment credited to 2015	6a	1,360.	
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	1,360.	
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	4,849.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be: Credited to 2016 estimated tax ☐ Refunded ☐	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
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
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. \$ 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) <u>MN</u>		
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 2015 or the taxable year beginning in 2015 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

N/A

Form 990-PF (2015)

Part VII-A Statements Regarding Activities (continued)

	Yes	No
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 ► William B. Frels Telephone no. ► 651-222-8478 Located at ► 332 Minnesota Street Suite W-1520, St. Paul, MN ZIP+4 ► 55101		
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 2015, 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. If "Yes," enter the name of the foreign country ►		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 ► 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 2015?	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 2015, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2015? ☐ Yes ☒ 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.) c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► N/A	2b	
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 2015 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 2015.) 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 2015?	4b	X

Form 990-PF (2015)

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
William B. Frels	President			
8 Black Lake Road				
North Oaks, MN 55127	0.00	0.	0.	0.
Bonita M. Frels	Vice President			
8 Black Lake Road				
North Oaks, MN 55127	0.00	0.	0.	0.
Randall W. Frels	Secretary			
7235 Hidden Hollow court				
Moundsvew, MN 55112	0.00	0.	0.	0.
Blake J. Frels	Treasurer			
1320 Oakcrest Avenue				
Roseville, MN 55113	0.00	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

Form 990-PF (2015)

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	4,260,378.
b	Average of monthly cash balances	1b	
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	4,260,378.
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	4,260,378.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	63,906.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,196,472.
6	Minimum investment return. Enter 5% of line 5	6	209,824.

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	209,824.
2a	Tax on investment income for 2015 from Part VI, line 5	2a	6,209.
b	Income tax for 2015. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	6,209.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	203,615.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	203,615.
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	203,615.

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	210,000.
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	210,000.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	210,000.

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.

Form **990-PF** (2015)

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2014	(c) 2014	(d) 2015
1 Distributable amount for 2015 from Part XI, line 7				203,615.
2 Undistributed income, if any, as of the end of 2015				
a Enter amount for 2014 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2015:				
a From 2010				
b From 2011				
c From 2012				1,076.
d From 2013				3,864.
e From 2014				2,408.
f Total of lines 3a through e	7,348.			
4 Qualifying distributions for 2015 from Part XII, line 4: ► \$ 210,000.				
a Applied to 2014, 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 2015 distributable amount				203,615.
e Remaining amount distributed out of corpus	6,385.			
5 Excess distributions carryover applied to 2015 (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:	13,733.			
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 2014. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2015. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2016				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 2010 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2016. Subtract lines 7 and 8 from line 6a	13,733.			
10 Analysis of line 9:				
a Excess from 2011				
b Excess from 2012				1,076.
c Excess from 2013				3,864.
d Excess from 2014				2,408.
e Excess from 2015				6,385.

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 2015, 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)

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)				
a Paid during the year				
Helping Paws PO Box 634 Hopkins, MN 55343	None	Public Charity	Operating Support	10,000.
Immaculate Conception Catholic School 4053 Quincy St. NE Columbia Heights, MN 55421	None	Public Charity	Operating Support	5,000.
Minnesota Independent School Forum 445 Minnesota Street #505 St. Paul, MN 55101	None	Public Charity	Operating Support	10,000.
Minnesota Orchestra 1111 Nicollet Mall Minneapolis, MN 55403	None	Public Charity	Operating Support	10,000.
Ordway Center for the Performing Arts 345 Washington Street St. Paul, MN 55102	None	Public Charity	Operating Support	5,000.
Total	See continuation sheet(s)			210,000.
b Approved for future payment				
None				
Total				0.

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

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of:		
	(1) Cash	1a(1)	X
	(2) Other assets	1a(2)	X
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)	X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)	X
	(3) Rental of facilities, equipment, or other assets	1b(3)	X
	(4) Reimbursement arrangements	1b(4)	X
	(5) Loans or loan guarantees	1b(5)	X
	(6) Performance of services or membership or fundraising solicitations	1b(6)	X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	X
d	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[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 William J. Frels

5-11-2016
Date

► President

May the IRS discuss this return with the preparer shown below (see instr 1)?

☒ Yes ☐ No

**Paid
Preparer
Use Only**

Print/Type preparer's name

Michelle Schmidt

Preparer's signature

Preparer's signature <i>M. Schmitt</i>	Date <i>5/4/98</i>
---	-----------------------

Date _____

$$\frac{5}{4} \times \frac{1}{4}$$

Check ☐ if self-employed

PTIN

P00020017

Firm's name ► Michelle K. Schmidt, E.A.

Firm's EIN ► 41-0954702

Firm's address ► 3665 84th Street East
Inver Grove Heights, MN 55076

Phone no. 612-977-8400

Form **990-PF** (2015)

Schedule B(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

- ▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and
its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2015

Name of the organization

Employer identification number

Frels Family Foundation**45-5629574**

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization☐ 4947(a)(1) nonexempt charitable trust not treated as a private foundation☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☐ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year. ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990, or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2015)

Name of organization	Employer identification number
Frels Family Foundation	45-5629574

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	William B. Frels 8 Black Lake Road North Oaks, MN 55127	\$ _____	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
2	William B. Frels 8 Black Lake Road North Oaks, MN 55127	\$ _____	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Employer identification number

45-5629574

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____

Name of organization

Employer identification number

Frels Family Foundation**45-5629574**

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year (Enter this info once) ► \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

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 4000 Medtronic exchange		P	09/22/09	01/27/15
b 100000 FFCB 3.74 6/17/31		P	09/19/14	02/05/15
c 1000 Medtronic		P	01/27/15	02/17/15
d 100000 FFCB 3.84 7/17/29		P	07/10/14	08/11/15
e 1000 MDU Resources		P	08/20/15	08/21/15
f 1000 Fresh Del Monte Products		P	01/15/14	09/02/15
g 100000 FFCB 3.74 10/01/29		P	09/26/14	10/21/15
h				
i				
j				
k				
l				
m				
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 307,800.		144,044.	163,756.
b 100,000.		98,524.	1,476.
c 77,991.		76,950.	1,041.
d 100,000.		100,000.	0.
e 17,651.		18,249.	<598.>
f 39,272.		27,328.	11,944.
g 100,000.		99,960.	40.
h			
i			
j			
k			
l			
m			
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			163,756.
b			1,476.
c			1,041.
d			0.
e			<598.>
f			11,944.
g			40.
h			
i			
j			
k			
l			
m			
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	177,659.
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 XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

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
People Inc 2060 Centre Point Blvd Suite 3 St. Paul, MN 55120	None	Public Charity	Operating Support	5,000.
Ramsey County Historical Society 75 5th Street West #323 St. Paul, MN 55102	None	Public Charity	Operating Support	15,000.
Robbinsdale Women's Center 3826 West Broadway Robbinsdale, MN 55422	None	Public Charity	Operating Support	15,000.
Science Museum of Minnesota 120 W Kellogg Blvd St. Paul, MN 55102	None	Public Charity	Operating Support	10,000.
Second Harvest Heartland 1140 Gervais Avenue St. Paul, MN 55109	None	Public Charity	Operating Support	10,000.
St. John's St Andrew's Catholic School 115 E. County Rd 13 Melrose, MN 56352	None	Public Charity	Operating Support	20,000.
St. Peter's Catholic School 1250 South Shore Drive Forest Lake, MN 55025	None	Public Charity	Operating Support	10,000.
St. Vincent de Paul's Catholic School 9100 - 93rd Avenue N Brooklyn Center, MN 55430	None	Public Charity	Operating Support	10,000.
St. John's School of Theology Seminary 31802 Co. Rd. 159 Collegeville, MN 56321	None	Public Charity	Operating Support	10,000.
Minnesota Opera 620 N 1st St. Minneapolis, MN 55401	None	Public Charity	Operating Support	20,000.
Total from continuation sheets				170,000.

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

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
Neighborhood House 179 Roie St. E St. Paul, MN 55107	None	Public Charity	Operating Support	10,000.
St. John The Baptist Catholic School 835 2nd Avenue NW New Brighton, MN 55112	None	Public Charity	Operating Support	10,000.
St. Odilia Catholic School 3495 Victoria St. N. St. Paul, MN 55126	None	Public Charity	Operating Support	10,000.
KTIS Radio Station Northwestern College 3003 Snelling Avenue No St. Paul, MN 55113	None	Public Charity	Operating Support	10,000.
Friends of St. Paul Public Library 325 Cedar St. #555 St. Paul, MN 55101	None	Public Charity	Operating Support	5,000.
Total from continuation sheets				

Form 990-PF Dividends and Interest from Securities Statement 1

Source	Gross Amount	Capital Gains Dividends	(a) Revenue Per Books	(b) Net Investment Income	(c) Adjusted Net Income
Charles Schwab-accrued interest paid	<2,910.>	0.	<2,910.>	<2,910.>	
Charles Schwab-dividends	72,422.	0.	72,422.	72,422.	
Charles Schwab-interest	64,410.	0.	64,410.	64,410.	
Charles Schwab-non dividend distributions	2,219.	0.	2,219.	0.	
To Part I, line 4	136,141.	0.	136,141.	133,922.	

Form 990-PF Accounting Fees Statement 2

Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Michelle K. Schmidt, E.A.	875.	875.		0.
To Form 990-PF, Pg 1, ln 16b	875.	875.		0.

Form 990-PF Taxes Statement 3

Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Foreign tax withheld	183.	0.		0.
2013 excise tax	1,345.	0.		0.
To Form 990-PF, Pg 1, ln 18	1,528.	0.		0.

Form 990-PF	Other Expenses			Statement	4
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
Filing fee - MN	25.	25.		0.	
Royal Dutch ADR-investment fees	235.	235.		0.	
To Form 990-PF, Pg 1, ln 23	260.	260.		0.	

Form 990-PF	Corporate Stock		Statement	5
Description	Book Value		Fair Market Value	
Equities	2,630,238.		2,253,412.	
Total to Form 990-PF, Part II, line 10b	2,630,238.		2,253,412.	

Form 990-PF	Corporate Bonds		Statement	6
Description	Book Value		Fair Market Value	
Fixed Income	1,143,850.		1,137,193.	
Corporate Bonds	833,592.		721,655.	
Total to Form 990-PF, Part II, line 10c	1,977,442.		1,858,848.	

Form 990-PF	Other Assets			Statement	7
Description	Beginning of Yr Book Value	End of Year Book Value	Fair Market Value		
2015 Estimated tax payments	0.	1,360.	1,360.		
To Form 990-PF, Part II, line 15	0.	1,360.	1,360.		

Form 990-PF	Dividends and Interest from Securities				Statement	1
Source	Gross Amount	Capital Gains Dividends	(a) Revenue Per Books	(b) Net Investment Income	(c) Adjusted Net Income	
Charles Schwab-accrued interest paid	<2,910.>	0.	<2,910.>	<2,910.>		
Charles Schwab-dividends	72,422.	0.	72,422.	72,422.		
Charles Schwab-interest	64,410.	0.	64,410.	64,410.		
Charles Schwab-non dividend distributions	2,219.	0.	2,219.	0.		
To Part I, line 4	136,141.	0.	136,141.	133,922.		

Form 990-PF	Accounting Fees			Statement	2
Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
Michelle K. Schmidt, E.A.	875.	875.		0.	
To Form 990-PF, Pg 1, ln 16b	875.	875.		0.	

Form 990-PF	Taxes			Statement	3
Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
Foreign tax withheld	183.	0.		0.	
2013 excise tax	1,345.	0.		0.	
To Form 990-PF, Pg 1, ln 18	1,528.	0.		0.	

Form 990-PF	Other Expenses			Statement	4
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
Filing fee - MN	25.	25.		0.	
Royal Dutch ADR-investment fees	235.	235.		0.	
To Form 990-PF, Pg 1, ln 23	260.	260.		0.	

Form 990-PF	Corporate Stock		Statement	5
Description	Book Value		Fair Market Value	
Equities	2,630,238.		2,253,412.	
Total to Form 990-PF, Part II, line 10b	2,630,238.		2,253,412.	

Form 990-PF	Corporate Bonds		Statement	6
Description	Book Value		Fair Market Value	
Fixed Income	1,143,850.		1,137,193.	
Corporate Bonds	833,592.		721,655.	
Total to Form 990-PF, Part II, line 10c	1,977,442.		1,858,848.	

Form 990-PF	Other Assets			Statement	7
Description	Beginning of Yr Book Value	End of Year Book Value	Fair Market Value		
2015 Estimated tax payments	0.	1,360.	1,360.		
To Form 990-PF, Part II, line 15	0.	1,360.	1,360.		

Exhibit A – 2015

Frels Family Foundation

TIN 45-5629574

Value of Investments

	<u>Value at 12-31-14</u>	<u>Value at 12-31-15</u>
Charles Schwab Acct #6478-2905	\$3,950,314.57	\$4,865,389.66

Appreciation/Depreciation in Value of Securities Held

	<u>Value at 12-31-14</u>	<u>Value at 12-31-15</u>	<u>Net Change in Valuation</u>
Schwab Acct #6478-2905	\$3,950,314.57	\$4,865,389.66	+\$915,075.09**

**Additions 8/3/15 \$1,000,000 and 11/3/15 \$500,000

Average Monthly Value

Charles Schwab \$4,260,377.72

Frels Family Foundation
EIN: 45-5629574
Form 990-PF
BALANCE SHEET

Description	No of Shs. Face Amount	Book Value	Fair Market Value
<u>Savings-</u>			
Money market savings		753,130.01	753,130 01
Less outstanding charitable contributions		<u>(65,000.00)</u>	<u>(65,000 00)</u>
Subtotal		688,130.01	688,130 01
<u>Fixed Income-</u>			
See Schedules Attached		1,143,849 89	1,137,192 65
<u>Corporate Bonds-</u>			
See Schedules Attached		833,592.00	721,655.00
<u>Equities-</u>			
See Schedules Attached		2,630,238.20	2,253,412.00
<u>Other: -</u>			
2015 Estimated Tax Payments		<u>1,360.00</u>	<u>1,360.00</u>
TOTAL		5,297,170.10	4,801,749 66

Investment Detail - Fixed Income

Agency Securities	Par	Market Price	Market Value Cost Basis	Adjusted Cost Basis	Unrealized Gain or (Loss)	Estimated Annual Income Yield to Maturity
FANNIE MAE 3.5%33	100,000.0000	97.9871	97,987.10	96,253.90	1,733.20	3,500.00
DUE 03/07/33			96,253.90			3.79%
CALLABLE 03/07/16 AT 100 00000						
CUSIP: 3136G1F20						
MOODY'S: Aaa S&P: AA+						
						Accrued Interest: 1,108.33
FED HOME LOAN BKS	100,000.0000	99.4210	99,421.00	100,000.00	(579.00)	3,500.00
3.5%30						
DUE 01/16/30			100,000.00 ✓			3.50%
CUSIP: 3130A3VP6						
MOODY'S: Aaa S&P: AA+						
						Accrued Interest: 1,604.17
FEDERAL FARM CRE	100,000.0000	99.4508	99,450.80	99,850.00	(399.20)	3,530.00
3.53%30						
DUE 12/23/30			99,850.00 ✓			3.54%
CALLABLE 12/23/16 AT 100.00000						
CUSIP: 3133EFTS6						
MOODY'S: Aaa						
						Accrued Interest: 78.44
FEDERAL FARM CRE	100,000.0000	99.6800	99,680.00	100,000.00	(320.00)	3,590.00
3.59%29						
DUE 12/24/29			100,000.00 ✓			3.59%
CUSIP: 3133EEGE4						
MOODY'S: Aaa S&P: AA+						
						Accrued Interest: 69.81

Investment Detail - Fixed Income (continued)

Agency Securities (continued)	Par	Market Price	Market Value Cost Basis	Adjusted Cost Basis	Unrealized Gain or (Loss)	Estimated Annual Income Yield to Maturity
FEDERAL FARM CREDIT 3%25	100,000.0000	99.3018	99,301.80	100,000.00	(698.20)	3,000.00
DUE 05/13/25			100,000.00 ✓			3.00%
CALLABLE 05/13/16 AT 100.00000						
CUSIP: 3133EEK25						
MOODY'S: Aaa S&P: AA+						
Accrued Interest: 400.00						
FFCB 3.6%35	100,000.0000	98.8882	98,888.20	98,974.00	(85.80)	3,600.00
DUE 11/15/35			98,974.00 ✓			3.67%
CALLABLE 11/15/16 AT 100.00000						
CUSIP: 3133FXGF8						
MOODY'S: Aaa S&P: AA+						
Accrued Interest: 420.00						
FFCB 3.89%34	100,000.0000	100.0699	100,069.90	100,000.00	69.90	3,890.00
DUE 10/10/34			100,000.00			3.89%
CALLABLE 10/10/17 AT 100.00000						
CUSIP: 3133EDX80						
MOODY'S: Aaa S&P: AA+						
Accrued Interest: 875.25						
FHLB 3.6%35	100,000.0000	97.7792	97,779.20	100,000.00	(2,220.80)	3,600.00
DUE 03/16/35			100,000.00 ✓			3.60%
CALLABLE 03/16/16 AT 100.00000						
CUSIP: 3130A4F64						
MOODY'S: Aaa S&P: AA+						
Accrued Interest: 1,050.00						

Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

Investment Detail - Fixed Income (continued)

Agency Securities (continued)	Par	Market Price	Market Value Cost Basis	Adjusted Cost Basis	Unrealized Gain or (Loss)	Estimated Annual Income Yield to Maturity
FHLB 3.25%30 DUE 04/22/30 CUSIP: 3130A4VJ8 MOODY'S: Aaa S&P: AA+	150,000.0000	98.4121	147,618.15 148,797.99	148,797.99	(1,179.84)	4,875.00 3.31%
						Accrued Interest: 934.38
FHLB 3.55%35 DUE 04/02/35 CUSIP: 3130A4PC0 MOODY'S: Aaa S&P: AA+	100,000.0000	97.3775	97,377.50 99,974.00 ✓	99,974.00	(2,596.50)	3,550.00 3.55%
						Accrued Interest: 877.64
FHLB 4.05%40 DUE 08/24/40 CALLABLE 02/24/16 AT 100.00000 CUSIP: 3130A6B97 MOODY'S: Aaa S&P: AA+	100,000.0000	99.6190	99,619.00 100,000.00 ✓	100,000.00	(381.00)	4,050.00 4.05%
						Accrued Interest: 1,428.75
Total Agency Securities	1,150,000.0000		1,157,192.65	1,143,849.89	(6,657.24)	40,685.00
						Total Accrued Interest for Agency Securities: 8,846.77

Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

Investment Detail - Fixed Income (continued)

Corporate Bonds	Par	Market Price	Market Value Cost Basis	Adjusted Cost Basis	Unrealized Gain or (Loss)	Estimated Annual Income Yield to Maturity
BARRICK GOLD CO 3.85%22F DUE 04/01/22 BARRICK GOLD CORP CUSIP: 067901AL2 MOODY'S: Baa3 S&P: BBB-	100,000.0000	88.0336	88,033.60	85,500.00	2,533.60	3,850.00 6.04%
CLIFFS NATURAL RE 5.9%20 DUE 03/15/20 CUSIP: 18683KAA9 MOODY'S: B3 S&P: B	100,000.0000	19.0000	19,000.00	84,799.00	(65,799.00)	5,900.00 9.53%
ENSCO PLC 4.5%24F DUE 10/01/24 ENSCO PLC CALLABLE 07/01/24 AT 100.00000 CUSIP: 29358QAC3 MOODY'S: Baa2 S&P: BBB	100,000.0000	68.5265	68,526.50 95,794.00	95,794.00	(27,267.50)	4,500.00 5.05%
HEWLETT-PACKARD 4.05%22 DUE 09/15/22 CUSIP: 428236BX0 MOODY'S: Baa2 S&P: BBB	100,000.0000	94.9745	94,974.50	98,513.00	(3,538.50)	4,050.00 4.23%
						Accrued Interest: 1,125.00
						Accrued Interest: 1,192.50

Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

Investment Detail - Fixed Income (continued)

Corporate Bonds (continued)	Par	Market Price	Market Value Cost Basis	Adjusted Cost Basis	Unrealized Gain or (Loss)	Estimated Annual Income Yield to Maturity
MORGAN STANLEY VAR 23 DUE 01/31/23 CUSIP: 61760QCG7 MOODY'S: A3 S&P: BBB+	100,000.0000	95.0349	95,034.90	N/A	(3,715.10)	N/A
NEWMONT MINING CO 3.5%22 DUE 03/15/22 CALLABLE 12/15/21 AT 100.00000 CUSIP: 651639AN6 MOODY'S: Baa2 S&P: BBB	100,000.0000	89.1812	89,181.20	87,109.00	2,072.20	3,500.00 5.42%
NOBLE HLDG INTL 3.95%22F DUE 03/15/22 NOBLE HLDG INTL LTD CUSIP: 65504LAJ6 MOODY'S: Baa3 S&P: BBB	100,000.0000	66.0377	66,037.70	90,149.00	(24,111.30)	3,950.00 5.62%
PROSPECT CAPITAL 5.85%19 DUE 09/15/19 CALLABLE 03/15/16 AT 100.00000 CUSIP: 74348YAS0 MOODY'S: NR S&P: BBB-	100,000.0000	99.9551	99,955.10	100,000.00	(44.90)	5,850.00 5.85%
					Accrued Interest: 1,722.50	

Investment Detail - Fixed Income (continued)

Corporate Bonds (continued)	Par	Market Price	Market Value Cost Basis	Adjusted Cost Basis	Unrealized Gain or (Loss)	Estimated Annual Income Yield to Maturity
TIME WARNER CABLE 4%21	100,000.0000	100.9115	100,911.50	92,978.00	7,933.50	4,000.00
DUE 09/01/21						
CALLABLE 06/01/21 AT			92,978.00			5.10%
100.00000						
CUSIP: 88732JBA5						
MOODY'S: Baa2 S&P: BBB						
Total Corporate Bonds	900,000.0000		721,655.00	734,842.00	(111,937.00)	35,600.00
Total Cost Basis:			833,592.00			
Total Accrued Interest for Corporate Bonds: 10,266.67						
Total Fixed Income	2,050,000.0000		1,858,847.65	1,878,691.89	(118,594.24)	76,285.00
Total Cost Basis:			1,977,441.89			

Accrued Interest represents the interest that would be received if the fixed income investment was sold prior to the coupon payment.

Estimated Annual Income ("EAI") and Estimated Yield ("EY") calculations are for informational purposes only. The actual income and yield might be lower or higher than the estimated amounts. EY is based upon EAI and the current price of the security and will fluctuate. For certain types of securities, the calculations could include a return of principal or capital gains in which case EAI and EY would be overstated. EY and EAI are not promptly updated to reflect when an issuer has missed a regular payment or announced changes to future payments, in which case EAI and EY will continue to display at a prior rate.