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For calendar year 2015, or tax year beginning 10-01-2015 , and ending 09-30-2016

Name of foundation KENNETH L KELLAR FOUNDATION		A Employer identification number 91-1425050	
Number and street (or P O box number if mail is not delivered to street address) 312 MINNESOTA AVENUE NORTH		Room/suite	
City or town, state or province, country, and ZIP or foreign postal code Aitkin, MN 56431		B Telephone number (see instructions)	
G Check all that apply <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Address change <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Amended return <input type="checkbox"/> Name change		C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>	
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation			
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 1,812,608		J Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis)	

Part I			Analysis of Revenue and Expenses <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))</i>		Revenue and expenses per books (a)	Net investment income (b)	Adjusted net income (c)	Disbursements for charitable purposes (d) (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)						
	2	Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B						
	3	Interest on savings and temporary cash investments	2,256	2,256				
	4	Dividends and interest from securities						
	5a	Gross rents	243,225	90,661				
	b	Net rental income or (loss) _____						
	6a	Net gain or (loss) from sale of assets not on line 10 _____						
	b	Gross sales price for all assets on line 6a _____						
	7	Capital gain net income (from Part IV, line 2) . . .						
	8	Net short-term capital gain						
	9	Income modifications						
	10a	Gross sales less returns and allowances						
	b	Less Cost of goods sold						
	c	Gross profit or (loss) (attach schedule)						
11	Other income (attach schedule)	487						
12	Total. Add lines 1 through 11	245,968	92,917					
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc						
	14	Other employee salaries and wages	17,703	1,770				
	15	Pension plans, employee benefits						
	16a	Legal fees (attach schedule).	146					
	b	Accounting fees (attach schedule).	550					
	c	Other professional fees (attach schedule) _____						
	17	Interest	39,401	26,290				
	18	Taxes (attach schedule) (see instructions)	45,318	27,702				
	19	Depreciation (attach schedule) and depletion	76,046	35,082				
	20	Occupancy						
	21	Travel, conferences, and meetings.						
	22	Printing and publications						
	23	Other expenses (attach schedule).	71,844	39,335				
	24	Total operating and administrative expenses. Add lines 13 through 23	251,008	130,179				0
25	Contributions, gifts, grants paid	22,500					22,500	
26	Total expenses and disbursements. Add lines 24 and 25	273,508	130,179				22,500	
27	Subtract line 26 from line 12							
a	Excess of revenue over expenses and disbursements	-27,540						
b	Net investment income (if negative, enter -0-)		0					
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 (See instructions.)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing	62,482	76,527	76,527
	2	Savings and temporary cash investments			
	3	Accounts receivable ▶ 1,331			
		Less allowance for doubtful accounts ▶	6,652	1,331	1,331
	4	Pledges receivable ▶			
		Less allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions).			
	7	Other notes and loans receivable (attach schedule) ▶ 41,970			
		Less allowance for doubtful accounts ▶	45,230	41,970	41,970
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U S and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule)			
	c	Investments—corporate bonds (attach schedule)			
	Liabilities	11	Investments—land, buildings, and equipment basis ▶ 2,803,935		
		Less accumulated depreciation (attach schedule) ▶ 1,231,706	1,648,274	1,572,229	1,692,780
12		Investments—mortgage loans			
13		Investments—other (attach schedule)			
14		Land, buildings, and equipment basis ▶			
		Less accumulated depreciation (attach schedule) ▶			
15		Other assets (describe ▶)			
16		Total assets(to be completed by all filers—see the instructions Also, see page 1, item I)	1,762,638	1,692,057	1,812,608
17		Accounts payable and accrued expenses	12,595	11,754	
18		Grants payable			
19		Deferred revenue			
20		Loans from officers, directors, trustees, and other disqualified persons			
21		Mortgages and other notes payable (attach schedule).	991,729	949,529	
22		Other liabilities (describe ▶)	55,769	55,769	
23		Total liabilities(add lines 17 through 22)	1,060,093	1,017,052	
Net Assets or Fund Balances			Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.		
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds	702,545	675,005	
	28	Paid-in or capital surplus, or land, bldg, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	Total net assets or fund balances(see instructions)	702,545	675,005	
	31	Total liabilities and net assets/fund balances(see instructions)	1,762,638	1,692,057	

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	702,545
2	Enter amount from Part I, line 27a			2	-27,540
3	Other increases not included in line 2 (itemize) ▶			3	
4	Add lines 1, 2, and 3			4	675,005
5	Decreases not included in line 2 (itemize) ▶			5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30			6	675,005

Part IV Capital Gains and Losses for Tax on Investment Income

List and describe the kind(s) of property sold (e g , real estate, (a) 2-story brick warehouse, or common stock, 200 shs MLC Co)		How acquired P—Purchase (b) D—Donation	Date acquired (c) (mo , day, yr)	Date sold (d) (mo , day, yr)
1a				
b				
c				
d				
e				

(e) Gross sales price	Depreciation allowed (f) (or allowable)	Cost or other basis (g) plus expense of sale	Gain or (loss) (h) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			Gains (Col (h) gain minus col (k), but not less than -0-) or (l) Losses (from col (h))
(i) F M V as of 12/31/69	Adjusted basis (j) as of 12/31/69	Excess of col (i) (k) over col (j), if any	
a			
b			
c			
d			
e			

2	Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8		3	

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

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)
If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ 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 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	20,000	300,748	0 066501
2013	33,696	820,795	0 041053
2012	5,255	775,499	0 006776
2011	2,078	847,522	0 002452
2010	2,250	556,705	0 004042

2	Total of line 1, column (d).	2	0 120824
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0 024165
4	Enter the net value of noncharitable-use assets for 2015 from Part X, line 5.	4	542,887
5	Multiply line 4 by line 3.	5	13,119
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	
7	Add lines 5 and 6.	7	13,119
8	Enter qualifying distributions from Part XII, line 4.	8	22,500

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 page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	0
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	
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	0
6	Credits/Payments		
a	2015 estimated tax payments and 2014 overpayment credited to 2015	6a	
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	
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed ▶	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid ▶	10	
11	Enter the amount of line 10 to be Credited to 2015 estimated tax ▶ Refunded ▶	11	

Part VII-A Statements Regarding Activities

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

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		
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		
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ►	13		
14	The books are in care of ► <u>MICHELLE MUGGLI</u> Telephone no ► <u>(218) 927-2539</u> Located at ► <u>312 MINNESOTA AVENUE NORTH - SUITE Aitkin MN</u> ZIP+4 ► <u>56431</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here ► <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year ► 15			
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 instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) If "Yes," enter the name of the foreign country ►	16	Yes <input type="checkbox"/>	No <input type="checkbox"/>

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? 1b		
	Organizations relying on a current notice regarding disaster assistance check here. ► <input type="checkbox"/>		
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		No
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions). 2b		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2015</i>). 3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	No
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	No

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)? ☐ Yes ☒ No **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? ☐ Yes ☒ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d)

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No **6b**

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? ☐ Yes ☒ No **7b**

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

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

(a) Name and address	Title, and average hours per week (b) devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
See Additional Data Table				

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	Title, and average hours per week (b) devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
NONE				

Total number of other employees paid over \$50,000. ☐ **0**

Part VIII

Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE".

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

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

Part IX-A

Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc

	Expenses
1 THE FOUNDATION PROVIDES LOW COST HOUSING TO RESIDENTS OF AITKIN MN THEY WERE SUBSUDIZED BY AN INTEREST FREE LOAN FROM GREATER MINNESOTA HOUSING AND RECEIVE A	0
2	
3	
4	

Part IX-B

Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments See instructions	
3	

Total. Add lines 1 through 3 ▶

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	0
b	Average of monthly cash balances.	1b	76,492
c	Fair market value of all other assets (see instructions).	1c	927,258
d	Total (add lines 1a, b, and c).	1d	1,003,750
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).	1e	
2	Acquisition indebtedness applicable to line 1 assets.	2	452,596
3	Subtract line 2 from line 1d.	3	551,154
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	8,267
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	542,887
6	Minimum investment return. Enter 5% of line 5.	6	27,144

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	27,144
2a	Tax on investment income for 2015 from Part VI, line 5.	2a	
b	Income tax for 2015 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	27,144
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	27,144
6	Deduction from distributable amount (see instructions).	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	27,144

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	22,500
b	Program-related investments—total from Part IX-B.	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes.	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	
b	Cash distribution test (attach the required schedule).	3b	
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	22,500
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions).	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	22,500

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 2014	(c) 2014	(d) 2015
1 Distributable amount for 2015 from Part XI, line 7				27,144
2 Undistributed income, if any, as of the end of 2015				
a Enter amount for 2014 only.				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2015				
a From 2010.				
b From 2011.				
c From 2012.				
d From 2013.				
e From 2014.				4,963
f Total of lines 3a through e.	4,963			
4 Qualifying distributions for 2015 from Part XII, line 4 ► \$ 22,500				
a Applied to 2014, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2015 distributable amount.				22,500
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2015 (If an amount appears in column (d), the same amount must be shown in column (a))	4,644			4,644
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	319			
b Prior years' undistributed income Subtract line 4b from line 2b.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount—see instructions				
e Undistributed income for 2014 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2016 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).				
8 Excess distributions carryover from 2010 not applied on line 5 or line 7 (see instructions). . .				
9 Excess distributions carryover to 2016. Subtract lines 7 and 8 from line 6a.	319			
10 Analysis of line 9				
a Excess from 2011. . . .				
b Excess from 2012. . . .				
c Excess from 2013. . . .				
d Excess from 2014. . . .				319
e Excess from 2015. . . .				

Part XIV

b

Tax year	Prior 3 years			(e) Total
(a) 2015	(b) 2014	(c) 2013	(d) 2012	

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Part XV

1

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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 <i>Paid during the year</i> BLAINE DOLLARS FOR SCHOLARS 1055 H STREET Blaine,WA 98230	NONE	PC	EDUCATION	5,000
BLAINE FOOD BANK PO BOX 472 Blaine,WA 98230	NONE	PC	FOOD	5,000
AITKIN DOLLARS FOR SCHOLARS PO BOX 19 Aitkin,MN 56431	NONE	PC	EDUCATION	7,500
ST JAMES CATHOLIC CHURCH 299 RED OAK DRIVE Aitkin,MN 56431	NONE	PC	CEMETERY EXPANSIONSECURITY BARRIER	5,000
Total			3a	22,500
b <i>Approved for future payment</i>				
Total			3b	0

Enter gross amounts unless otherwise indicated

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

Form **990-PF** (2015)

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)	No
(2) Other assets.	1a(2)	No
b Other transactions		
(1) Sales of assets to a noncharitable exempt organization.	1b(1)	No
(2) Purchases of assets from a noncharitable exempt organization.	1b(2)	No
(3) Rental of facilities, equipment, or other assets.	1b(3)	No
(4) Reimbursement arrangements.	1b(4)	No
(5) Loans or loan guarantees.	1b(5)	No
(6) Performance of services or membership or fundraising solicitations.	1b(6)	No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	1c	No
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

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.		
	<div style="text-align: center;">*****</div> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Signature of officer or trustee	<div style="text-align: center;">2017-01-10</div> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Date	<div style="text-align: center;">*****</div> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Title

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

Paid Preparer Use Only	Print/Type preparer's name DONALD S MORRIS	Preparer's Signature	Date 2017-01-10	Check if self-employed <input checked="" type="checkbox"/>	PTIN P01256951
	Firm's name <input type="checkbox"/> MORRIS - MORRIS CPAs			Firm's EIN <input type="checkbox"/>	41-1726253
	Firm's address <input type="checkbox"/> 214 - 1ST AVENUE NW Aitkin, MN 56431			Phone no <input type="checkbox"/>	(218) 927-4270

Form 990PF Part VIII Line 1 - List all officers, directors, trustees, foundation managers and their compensation

(a) Name and address	Title, and average hours per week (b) devoted to position	(c) Compensation(If not paid, enter -0-)	Contributions to employee benefit plans and deferred compensation (d)	Expense account, (e) other allowances
HUGH JANZEN	PRESIDENT 1 00	0	0	0
402 MINNESOTA AVENUE NORTH Aitkin, MN 56431				
MARK PACKER	VICE PRESIDENT 1 00	0	0	0
119 N COMMERCIAL STREET Bellingham, WA 98227				
FRED SJOHOLM	DIRECTOR 1 00	0	0	0
9115 FORTUNA DRIVE 6412 Mercer Island, WA 98040				
MICHELLE GEER	SECRETARYTREASURER 1 00	0	0	0
312 MINNESOTA AVENUE NORTH Aitkin, MN 56431				
J BRUCE SMITH	ATTORNEY 1 00	0	0	0
300 N COMMERCIAL Bellingham, WA 98225				

TY 2015 Accounting Fees Schedule**Name:** KENNETH L KELLAR FOUNDATION**EIN:** 91-1425050

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
MORRIS - MORRIS	550	0	0	0

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2015 Depreciation Schedule

Name: KENNETH L KELLAR FOUNDATION

EIN: 91-1425050

Description of Property	Date Acquired	Cost or Other Basis	Prior Years' Depreciation	Computation Method	Rate / Life (# of years)	Current Year's Depreciation Expense	Net Investment Income	Adjusted Net Income	Cost of Goods Sold Not Included
MOUNT BAKER HIGHWAY LAND	1990-01-01	76,500	0	NDA		0	0	0	
OFFICE EQUIPMENT	2001-12-01	8,605	8,605	SL	7	0	0	0	
COMMERCE BUILDING	2002-08-01	992,904	334,149	SL	39	25,459	25,459	0	
COMMERCE BUILDING	2003-08-01	273,273	84,960	SL	39	7,007	7,007	0	
COMMERCE BUILDING	2004-09-01	18,496	5,296	SL	39	474	474	0	
COMMERCE BUILDING IMPROVEMENT	2012-08-03	10,091	4,807	SL	7	1,442	1,442	0	
COMMERCE BUILDING IMPROVEMENT	2006-07-01	24,447	8,334	SL	7	0	0	0	
COMMERCE BUILDING IMPROVEMENT	2011-12-14	4,900	2,800	SL	7	700	700	0	
OFFICE EQUIPMENT	2003-06-01	5,718	5,718	SL	7	0	0	0	
AITKIN TOWNHOUSES	1998-10-01	1,126,518	704,354	SL	27 5	40,964	0	0	

TY 2015 Investments - Land Schedule**Name:** KENNETH L KELLAR FOUNDATION**EIN:** 91-1425050

Category/ Item	Cost/Other Basis	Accumulated Depreciation	Book Value	End of Year Fair Market Value
AITKIN TOWN HOUSES	1,194,875	745,319	449,556	807,500
COMMERCE BUILDING	1,518,237	472,064	1,046,173	772,600
MT BAKER LAND WASHINGTON	76,500	0	76,500	112,180
OFFICE EQUIPMENT	14,323	14,323	0	500

TY 2015 Legal Fees Schedule**Name:** KENNETH L KELLAR FOUNDATION**EIN:** 91-1425050

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
HABERKORN LAW OFFICE	146	0	0	0

TY 2015 Mortgages and Notes Payable Schedule

Name:

KENNETH L KELLAR FOUNDATION

EIN:

91-1425050

Total Mortgage Amount:

Item No.	1
Lender's Name	SECURITY STATE BANK
Lender's Title	910630
Relationship to Insider	NONE
Original Amount of Loan	0
Balance Due	229,841
Date of Note	
Maturity Date	
Repayment Terms	4663 PER MONTH
Interest Rate	5.00
Security Provided by Borrower	AITKIN TOWN HOU
Purpose of Loan	BUILD TOWNHOUSES
Description of Lender Consideration	
Consideration FMV	0

Item No.	2
Lender's Name	SECURITY STATE BANK
Lender's Title	9269
Relationship to Insider	NONE
Original Amount of Loan	0
Balance Due	452,596
Date of Note	
Maturity Date	
Repayment Terms	6695 PER MONTH
Interest Rate	5.00
Security Provided by Borrower	COMMERCE BUILDI
Purpose of Loan	BUILD COMMERCE BUILDING
Description of Lender Consideration	
Consideration FMV	0

Item No.	3
Lender's Name	GREATER MINNESOTA HOUSING
Lender's Title	
Relationship to Insider	NONE
Original Amount of Loan	297,062
Balance Due	267,092
Date of Note	
Maturity Date	
Repayment Terms	DUE 2018
Interest Rate	0
Security Provided by Borrower	AITKIN TOWN HOU
Purpose of Loan	BUILD TOWNHOUSES
Description of Lender Consideration	
Consideration FMV	0

TY 2015 Other Expenses Schedule**Name:** KENNETH L KELLAR FOUNDATION**EIN:** 91-1425050

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
BANK CHARGES	2	0	0	0
OFFICE SUPPLIES POSTAGE	1,156	1,156	0	0
INTERNET TELEPHONE	2,601	596	0	0
LICENSES	135	135	0	0
INSURANCE	13,382	2,309	0	0
REPAIRS AND MAINTENANCE	34,855	24,092	0	0
LAWN CARE SNOW REMOVAL	8,666	0	0	0
UTILITIES	11,047	11,047	0	0

TY 2015 Other Income Schedule**Name:** KENNETH L KELLAR FOUNDATION**EIN:** 91-1425050

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
MISCELLANANCE INCOME	487	0	0

TY 2015 Other Liabilities Schedule**Name:** KENNETH L KELLAR FOUNDATION**EIN:** 91-1425050

Description	Beginning of Year - Book Value	End of Year - Book Value
ADVANCE FROM ESTATE OF KENNETH L KE	55,769	55,769

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2015 Other Notes/Loans Receivable Long Schedule

Name: KENNETH L KELLAR FOUNDATION

EIN: 91-1425050

Borrower's Name	Relationship to Insider	Original Amount of Loan	Balance Due	Date of Note	Maturity Date	Repayment Terms	Interest Rate	Security Provided by Borrower	Purpose of Loan	Description of Lender Consideration	Consideration FMV
BELINDA ANDERSON	NONE	62,000	41,970	2014-03	1927-07	500 PER MONTH	500 %	FIFTH STREET HOUSE	TO PURCHASE HOUSE		0

TY 2015 Taxes Schedule**Name:** KENNETH L KELLAR FOUNDATION**EIN:** 91-1425050

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
REAL ESTATE TAXES	43,864	27,557	0	0
PAYROLL TAXES	1,454	145	0	0