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Form 990-PF

Department of the Treasury
Internal Revenue Service

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 instructions is at www.irs.gov/form990pf.

OMB No 1545-0052

2016

Open to Public Inspection

For calendar year 2016, or tax year beginning 01-01-2016, and ending 12-31-2016

Name of foundation
SOLLEY FOUNDATION

Number and street (or P O box number if mail is not delivered to street address)
PO BOX 2179

City or town, state or province, country, and ZIP or foreign postal code
DECATUR, AL 35602

G Check all that apply

☐ Initial return

☐ Initial return of a former public charity

☐ Final return

☐ Amended return

☐ Address change

☐ Name change

H Check type of organization

☒ Section 501(c)(3) exempt private foundation

☐ Section 4947(a)(1) nonexempt charitable trust

☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 852,792

J Accounting method

☒ Cash

☐ Accrual

☐ Other (specify) _____
(Part I, column (d) must be on cash basis)

A Employer identification number
26-3659563

B Telephone number (see instructions)
(256) 353-1611

C If exemption application is pending, check here

D 1. Foreign organizations, check here

D 2. Foreign organizations meeting the 85% test, check here and attach computation

E If private foundation status was terminated under section 507(b)(1)(A), check here

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received (attach schedule)			
	2 Check ☒ if the foundation is not required to attach Sch B			
	3 Interest on savings and temporary cash investments	5	5	
	4 Dividends and interest from securities	14,930	14,930	
	5a Gross rents			
	b Net rental income or (loss)			
	6a Net gain or (loss) from sale of assets not on line 10	5,129		
	b Gross sales price for all assets on line 6a 496,582			
	7 Capital gain net income (from Part IV, line 2)		5,129	
	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)	879	879		
12 Total. Add lines 1 through 11	20,943	20,943		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc			
	14 Other employee salaries and wages			
	15 Pension plans, employee benefits			
	16a Legal fees (attach schedule)			
	b Accounting fees (attach schedule)	2,197		
	c Other professional fees (attach schedule)	6,858	6,858	
	17 Interest			
	18 Taxes (attach schedule) (see instructions)	2,557	382	
	19 Depreciation (attach schedule) and depletion			
	20 Occupancy			
	21 Travel, conferences, and meetings			
	22 Printing and publications			
	23 Other expenses (attach schedule)	35	35	
	24 Total operating and administrative expenses. Add lines 13 through 23	11,647	7,275	0
	25 Contributions, gifts, grants paid	46,000		46,000
26 Total expenses and disbursements. Add lines 24 and 25	57,647	7,275	46,000	
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-36,704			
b Net investment income (if negative, enter -0-)		13,668		
c Adjusted net income(if negative, enter -0-)				

For Paperwork Reduction Act Notice, see instructions.

Cat No 11289X

Form 990-PF (2016)

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	48,123	3,736	3,736		
	2	Savings and temporary cash investments	57,447	29,204	29,204		
	3	Accounts receivable ▶ _____ Less allowance for doubtful accounts ▶ _____					
	4	Pledges receivable ▶ _____ Less allowance for doubtful accounts ▶ _____					
	5	Grants receivable					
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)					
	7	Other notes and loans receivable (attach schedule) ▶ _____ 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 (attach schedule)					
	b	Investments—corporate stock (attach schedule)	745,371	781,297	819,852		
	c	Investments—corporate bonds (attach schedule)					
	11	Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____					
	12	Investments—mortgage loans					
	13	Investments—other (attach schedule)					
	14	Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____					
15	Other assets (describe ▶ _____)						
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	850,941	814,237	852,792			
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 (attach schedule)					
	22	Other liabilities (describe ▶ _____)					
	23	Total liabilities (add lines 17 through 22)		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	850,941	814,237			
	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					
	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)	850,941	814,237			
31	Total liabilities and net assets/fund balances (see instructions) .	850,941	814,237				

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	850,941
2	Enter amount from Part I, line 27a	2	-36,704
3	Other increases not included in line 2 (itemize) ▶ _____	3	
4	Add lines 1, 2, and 3	4	814,237
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	814,237

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 See Additional Data Table			
b			
c			
d			
e			

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

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a See Additional Data Table			
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	5,129
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	384

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))
2015	37,500	926,963	0 040455
2014	35,000	812,953	0 043053
2013	37,500	769,832	0 048712
2012	35,000	708,449	0 049404
2011	47,768	743,650	0 064235
2 Total of line 1, column (d)			2 0 245859
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 049172
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5			4 861,010
5 Multiply line 4 by line 3			5 42,338
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 137
7 Add lines 5 and 6			7 42,475
8 Enter qualifying distributions from Part XII, line 4			8 46,000

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	137
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	
3	Add lines 1 and 2.	3	137
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	137
6	Credits/Payments		
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a	2,000
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	2,000
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,863
11	Enter the amount of line 10 to be Credited to 2017 estimated tax ☐ 1,863 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?	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	Yes
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) ☐ AL		
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	Yes
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 2016 or the taxable year beginning in 2016 (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		No
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		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address N/A	13	Yes	
14	The books are in care of TIMOTHY A SMALLEY CPA Telephone no (256) 353-1611			

Located at **237 JOHNSTON ST SE DECATUR AL** ZIP+4 **35601**

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			
16	At any time during calendar year 2016, 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	No

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.

1a	During the year did the foundation (either directly or indirectly)		Yes	No
	(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)? ☐ 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 2016? ☐ 1c			
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))			
a	At the end of tax year 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016? ☐ Yes ☒ 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? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2016 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 2016). ☐ Yes ☒ No 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 2016? 4b			No

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)?	☐	5b	
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	No
	If "Yes" to 6b, file Form 8870			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No		
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?		7b	

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

[illegible][illegible]

▶

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	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)	
Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	▶

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	802,562
b	Average of monthly cash balances.	1b	71,560
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	874,122
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	
3	Subtract line 2 from line 1d.	3	874,122
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	13,112
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	861,010
6	Minimum investment return. Enter 5% of line 5.	6	43,051

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	43,051
2a	Tax on investment income for 2016 from Part VI, line 5.	2a	137
b	Income tax for 2016 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	137
3	Distributable amount before adjustments. Subtract line 2c from line 1.	3	42,914
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	42,914
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	42,914

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	46,000
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	46,000
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 (see instructions).	5	137
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	45,863

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 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				42,914
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only.			8,369	
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2016				
a From 2011.				
b From 2012.				
c From 2013.				
d From 2014.				
e From 2015.				
f Total of lines 3a through e.				
4 Qualifying distributions for 2016 from Part XII, line 4 ▶ \$ 46,000				
a Applied to 2015, but not more than line 2a			8,369	
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 2016 distributable amount.				37,631
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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 2015 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 2017				5,283
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 2011 not applied on line 5 or line 7 (see instructions).				
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2012.				
b Excess from 2013.				
c Excess from 2014.				
d Excess from 2015.				
e Excess from 2016.				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2016, enter the date of the ruling. ▶

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

	Tax year	Prior 3 years			(e) Total
	(a) 2016	(b) 2015	(c) 2014	(d) 2013	
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed. . .					
c "Support" alternative test—enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 Information Regarding Foundation Managers:

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

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

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number or email address of the person to whom applications should be addressed

b The form in which applications should be submitted and information and materials they should include

c Any submission deadlines

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i> See Additional Data Table				
Total			3a	46,000
b <i>Approved for future payment</i>				
Total			3b	

Enter gross amounts unless otherwise indicated

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes	
1. Name of the exempt organization	2. Name of the activity
3. Description of the activity	4. Relationship of the activity to the accomplishment of exempt purposes
5. Other information	

Line No.	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions)
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Form **990-PF** (2016)

Part XVII

- | | Yes | No |
|-------|-----|----|
| 1a(1) | | No |
| 1a(2) | | No |
| 1b(1) | | No |
| 1b(2) | | No |
| 1b(3) | | No |
| 1b(4) | | No |
| 1b(5) | | No |
| 1b(6) | | No |
| 1c | | No |

[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

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

Print/Type preparer's name TIMOTHY A SMALLEY CPA	Preparer's Signature	Date 2017-11-13	Check if self-employed ☐	PTIN P00540229
Firm's name ▶ BYRD SMALLEY & ADAMS PC				Firm's EIN ▶ 63-1019234
Firm's address ▶ PO BOX 2179 DECATUR, AL 356022179				Phone no (256) 353-1611

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d			
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)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
GOTHAM ABSOLUTE RETURN FUND	P	2015-01-29	2016-02-08
MAINGATE MLP FUND CL I	P	2015-02-02	2016-07-20
TOUCHSTONE SANDS CAP SEL GROWTH	P	2011-11-22	2016-02-10
PIMCO TRENDS MANAGED FUTURES	P	2015-02-02	2016-07-20
LAZARD INTL STRATEGY EQUITY PORT	P	2015-12-07	2016-02-16
STONE RIDGE REINSRNC RSK PREM I	P	2015-03-19	2016-07-20
BARON GROWTH	P	2012-01-11	2016-02-16
AQR LARGE CAP MULTI STYLE FD CL I	P	2015-09-11	2016-08-09
LAZARD INTL STRATEGY EQUITY PORT	P	2014-06-19	2016-02-16
AQR INTERNATIONAL MULTI STYLE FUND I	P	2015-09-11	2016-08-09

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
32,214		37,405	-5,191
19,002		21,439	-2,437
34,044		25,898	8,146
23,882		27,978	-4,096
2,464		3,146	-682
7,288		7,272	16
26,821		24,698	2,123
19,475		18,918	557
19,263		24,597	-5,334
15,095		15,992	-897

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
			-5,191
			-2,437
			8,146
			-4,096
			-682
			16
			2,123
			557
			-5,334
			-897

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d			
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)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
TFS MARKET NEUTRAL FUND	P	2014-11-25	2016-02-16
ABERDEEN U S SMALL CAP EQUITY INSTL	P	2016-02-12	2016-12-06
VANGUARD STRATEGIC EQUITY	P	2015-01-29	2016-02-17
AQR LARGE CAP MULTI STYLE FD CL	P	2015-09-11	2016-12-06
GOLDMAN SACS SMALL/ MID CAP	P		2016-02-18
AQR INTERNATIONAL MULTI STYLE FUND I	P	2015-09-11	2016-12-06
BLACKROCK EQUITY DIVIDEND FD CL	P	2012-01-11	2016-02-18
BLACKROCK EQUITY DIVIDEND FD-INSTL	P	2012-01-11	2016-12-06
ALPHA OPPORTUNISTIC ALTERNATIVES I	P	2012-10-15	2016-05-23
VAUGHAN NELSON VALUE OPPORTUNITY FUN	P	2015-09-11	2016-12-06

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
15,066		16,775	-1,709
3,023		2,619	404
19,459		24,902	-5,443
3,120		2,929	191
54,432		49,556	4,876
3,216		3,383	-167
34,544		33,022	1,522
4,028		3,146	882
12,414		12,721	-307
4,064		4,269	-205

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

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	
			-1,709
			404
			-5,443
			191
			4,876
			-167
			1,522
			882
			-307
			-205

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

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)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
BLACKROCK GL LONG/ SHORT EQUITY INST	P	2014-04-15	2016-05-23
VANGUARD RUSSELL 2000 ETF ORDER	P	2016-02-12	2016-12-08
STONE RIDGE REINSURANCE	P	2015-03-19	2016-05-23
VANGUARD INDEX FDS FORMERLY	P	2016-02-12	2016-12-08
BLACKSTONE ALTERN TV MULTI	P	2015-09-11	2016-07-20
GOLDMAN SACS SMALL/ MID CAP	P	2012-12-18	2016-12-08
AQR STYLE PREMIA ALTERNATIVE CL I	P	2015-02-02	2016-07-20
AQR MANAGED FUTURES FUND CL I	P	2014-04-15	2016-07-20

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
30,418		31,967	-1,549
6,077		5,221	856
5,458		5,453	5
6,693		5,611	1,082
24,149		25,085	-936
3,636		2,720	916
23,702		22,764	938
33,334		31,967	1,367

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

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	
			-1,549
			856
			5
			1,082
			-936
			916
			938
			1,367

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-)	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
RAY R SOLLEY	DIRECTOR 000 00	0	0	0
3536 DANVILLE RD SW DECATUR, AL 35603				
LINDA L SOLLEY	DIRECTOR 000 00	0	0	0
3536 DANVILLE RD SW DECATUR, AL 35603				
BOBBIE A SOLLEY	PRESIDENT 000 00	0	0	0
2307 CHASTEEN COURT MURFREESBORO, TN 37130				
RONNIE B SOLLEY	VICE PRESIDE 000 00	0	0	0
2007 KATIE DR SW DECATUR, AL 35603				
ROBIN S BARKER	SECRETARY-TR 000 00	0	0	0
3716 SOUTH WOODTRAIL ROAD DECATUR, AL 35603				

Form 990PF Part XV Line 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>				
HARDING UNIVERSITY 915 EAST MARKET AVENUE SEARCY, AR 72143			CHRISTIAN EDUCATION	2,500
PROJECT RESCUE 179 CAVE SPRINGS ROAD DECATUR, AL 35603			CHRISTIAN OUTREACH	26,000
DECATUR HERITAGE CHRISTIAN ACADEMY 3802 SPRING AVENUE SW DECATUR, AL 35601			CHRISTIAN EDUCATION	2,500
FREED-HARDEMAN 158 E MAIN ST HENDERSON, TN 38340			CHRISTIAN EDUCATION	10,000
HEALING HANDS 455 MCNALLY DRIVE NASHVILLE, TN 37211			CHRISTIAN OUTREACH	2,500
Total ▶ 3a				46,000

Form 990PF Part XV Line 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>				
HERITAGE CHRISTIAN UNIVERSITY 3625 HELTON DRIVE FLORENCE, AL 35630			CHRISTIAN EDUCATION	2,500
Total 				46,000
3a				

TY 2016 Accounting Fees Schedule**Name:** SOLLEY FOUNDATION**EIN:** 26-3659563

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INDIRECT ACCOUNTING FEES	2,197			

TY 2016 Investments Corporate Stock Schedule

Name: SOLLEY FOUNDATION
EIN: 26-3659563

Name of Stock	End of Year Book Value	End of Year Fair Market Value
483.601 BARON GROWTH		
1481.918 GOLDMAN SACHS SMALL MID CAP	22,787	29,135
3255.281 AQR MANAGED FUTURES FUND CL		
1276.835 BLACKROCK EQUITY DIVIDEND	23,597	28,793
2514.348 TOUCHSTONE SANDS CAPITAL SE		
508.272 CALVERT SHORT DURATION INC	8,387	8,173
1685.519 EAGLE GROWTH & INC FUND	27,309	30,676
2816.463 BLACKROCK GL LONG/SHORT EQU		
1822.743 LAZARD INTL STRATEGY EQUITY		
1279.773 ALPHA OPPORTUNISTIC ALTERNA		
4734.363 AQR INTERNATIONAL MULTI STY	43,433	46,728
2214.657 AQR LARGE CAP MULTI STYLE	28,804	32,179
2344.458 AQR STYLE PREMIA ALTERNATIV		
2400.492 BLACKSTONE ALTERNATIVE MULT		
2746.329 GOTHAM ABSOLUTE RETURN FUND		
2147.844 MAINGATE MLP FUND	23,991	22,488
1517.369 MFS INTERNATIONAL VALUE FUN	52,493	55,445
1075.344 TFS MARKET NEUTRAL FUND		
766.691 VANGUARD STRATEGIC EQUITY IN		
1945.071 VAUGHAN NELSON VALUE OPPORT	39,913	40,399
1239.332 BLACKROCK STRATEGIC INCOME	12,232	12,183
2261.038 DOUBLELINE TOTAL RETURN BON	24,464	24,012
1102.001 JPMORGAN STRATEGIC INCOME O	12,232	12,772
675.717 PIMCO INCOME FUND	8,102	8,149
2482.545 PIMCO TRENDS MANAGED FUTURE		
2909.465 STONE RIDGE HIGH YLD REINSU	29,580	29,007
2937.774 STONE RIDGE REINSURANCE RSK		
150 ISHARES CORE US AGGREGATE BOND	16,221	16,209
908.676 ABERDEEN US SMALL CAP EQ INS	26,563	31,513
1033.713 AQR MULTI STRGY ALTERNATIVE	9,800	9,820

Name of Stock	End of Year Book Value	End of Year Fair Market Value
1135.305 ASG MANAGED FUTURES STRGY F	12,386	11,160
2329.536 BARON EMERGING MKTS FUND IN	27,472	25,578
1446.873 CALAMOS MKT NEUTRAL INCOME	18,737	18,621
1124.806 COHEN & STEERS PREF SECURIT	15,635	15,117
1361.12 EQUINOX MUTUALHEDGE RUTURES	12,386	11,583
2382.16 FIRST EAGLE OVERSEAS CL I	50,073	54,432
871.85 LITMAN GREGORY MSTRS ALT STRA	9,800	9,983
1016.094 LOCORR MKT TREND CLASS I	12,386	10,852
745.47 MATTHEW ASIAN GROWTH AND INCO	11,383	11,122
325.051 MATTHEWS ASIA SMALL COMPANIE	5,692	6,186
270.516 MATTHEWS PACIFIC TIGER FUND	5,692	6,195
411.777 MORGAN STANLEY GROWTH PORTFO	13,655	14,490
776.267 POLEN GROWTH FUND INSTL SH	13,655	15,122
640.508 SALIENT SELECT INCOME INSTL	15,635	15,257
425 VANGUARD INDEX FDS	79,145	87,257
360 VANGUARD RUSSELL 2000 EFT	35,037	38,869
80 ISHARES TIPS BOND ETF	9,310	9,054
258 VANGUARD INDEX FDS VANGUARD REIT	23,310	21,293

TY 2016 Other Expenses Schedule**Name:** SOLLEY FOUNDATION**EIN:** 26-3659563**Other Expenses Schedule**

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
BANK CHARGES	35	35		

TY 2016 Other Income Schedule

Name: SOLLEY FOUNDATION

EIN: 26-3659563

Other Income Schedule

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
OTHER GAINS	879	879	

TY 2016 Other Professional Fees Schedule**Name:** SOLLEY FOUNDATION**EIN:** 26-3659563

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INVESTMENT FEES	6,858	6,858		

TY 2016 Taxes Schedule**Name:** SOLLEY FOUNDATION**EIN:** 26-3659563

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXCISE TAXES	2,175			
FOREIGN TAX WITHHELD ON INVESTME	382	382		