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**Return of Private Foundation**

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

Department of the Treasury  
Internal Revenue Service

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Open to Public Inspection

For calendar year 2016 or tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

Name of foundation  
**THE KARNES MEMORIAL FUND  
BANK OF PONTIAC, TRUSTEE**

Number and street (or P.O. box number if mail is not delivered to street address) Room/suite  
**606 WEST OAK ST., P.O. BOX 288**

City or town, state or province, country, and ZIP or foreign postal code  
**FAIRBURY, IL 61739**

A Employer identification number  
**37-6243213**

B Telephone number  
**(815) 692-2302**

C If exemption application is pending check here

D 1 Foreign organizations, check here   
2 Foreign organizations meeting the 85% test check here and attach computation

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

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

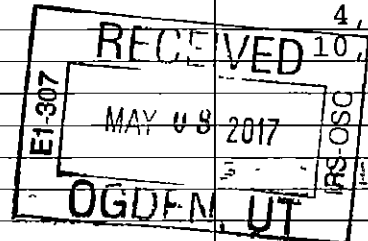
G Check all that apply  
 Initial return  
 Final return  
 Address change  
 Initial return of a former public charity  
 Amended return  
 Name change

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)  
**\$ 2,348,531.** (Part I column (d) must be on cash basis)

J Accounting method  Cash  Accrual  
 Other (specify) \_\_\_\_\_

Part I Analysis of Revenue and Expenses		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))</i>					
Revenue	1 Contributions, gifts, grants, etc. received			N/A	
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch F				
	3 Interest on savings and temporary cash investments	107.	107.		STATEMENT #1
	4 Dividends and interest from securities	13,682.	13,682.		STATEMENT #2
	5a Gross rents	114,486.	114,486.		STATEMENT #3
	b Net rental income or (loss)	66,469.			STATEMENT #4
	6a Net gain or (loss) from sale of assets not on line 10	20,641.			
	b Gross sales price for all assets on line 6a	97,964.			
	7 Capital gain net income (from Part IV, line 2)		20,641.		
	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	207.	207.		STATEMENT #5	
12 Total. Add lines 1 through 11	149,123.	149,123.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	6,994.	3,497.		3,497.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees STMT 6	4,300.	0.		4,300.
	b Accounting fees STMT 7	10,521.	50.		10,471.
	c Other professional fees				
	17 Interest				
	18 Taxes STMT 8	9,604.	9,589.		15.
	19 Depreciation and depletion	162.	153.		
	20 Occupancy				
	21 Travel, conferences and meetings				
22 Printing and publications					
23 Other expenses STMT 9	38,266.	38,266.		0.	
24 Total operating and administrative expenses. Add lines 13 through 23	69,847.	51,555.		18,283.	
25 Contributions, gifts, grants paid	117,000.			117,000.	
26 Total expenses and disbursements. Add lines 24 and 25	186,847.	51,555.		135,283.	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-37,724.				
b Net investment income (if negative, enter 0)		97,568.			
c Adjusted net income (if negative, enter 0)			N/A		



SCANNED MAY 11 2017

**THE KARNES MEMORIAL FUND  
BANK OF PONTIAC, TRUSTEE**

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		12,257.	39,509.	39,509.
	3	Accounts receivable ▶				
		Less: allowance for doubtful accounts ▶				
	4	Pledges receivable ▶				
		Less: allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons				
	7	Other notes and loans receivable ▶				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments - U.S. and state government obligations				
	b	Investments - corporate stock				
	c	Investments - corporate bonds				
	11	Investments - land, buildings, and equipment basis ▶	632,052.			
	Less accumulated depreciation STMT 10 ▶	11,056.		621,158.	620,996.	
12	Investments - mortgage loans					
13	Investments - other	STMT 11		414,270.	349,456.	
14	Land, buildings, and equipment basis ▶					
	Less accumulated depreciation ▶					
15	Other assets (describe ▶)					
16	<b>Total assets</b> (to be completed by all filers - see the instructions. Also, see page 1, item i)			1,047,685.	1,009,961.	2,348,531.
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	<b>Total liabilities</b> (add lines 17 through 22)			0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>					
	and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>					
	and complete lines 27 through 31.					
	27	Capital stock, trust principal, or current funds			0.	0.
28	Paid-in or capital surplus, or land, bldg., and equipment fund			0.	0.	
29	Retained earnings, accumulated income, endowment, or other funds			1,047,685.	1,009,961.	
30	<b>Total net assets or fund balances</b>			1,047,685.	1,009,961.	
31	<b>Total liabilities and net assets/fund balances</b>			1,047,685.	1,009,961.	

**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	1,047,685.
2	Enter amount from Part I, line 27a	2	-37,724.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	1,009,961.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	<b>Total net assets or fund balances at end of year</b> (line 4 minus line 5) - Part II, column (b), line 30	6	1,009,961.

**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a CAPITAL GAIN DISTRIBUTIONS - VANGAURD	P	VARIOUS	12/31/16
b AMERICAN FUNDS OF AMERICA	P	VARIOUS	12/31/16
c VANGUARD TOTAL BOND MARKET INDEX	P	VARIOUS	12/31/16
d CAPITAL GAIN DISTRIBUTIONS - WASHINGTON			
e MUTUAL	P	VARIOUS	12/22/16

(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 58.			58.
b 45,000.		30,694.	14,306.
c 50,000.		46,629.	3,371.
d			
e 2,906.			2,906.

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col (h) gain minus col. (k), but not less than -0-) or Losses (from col (h))
a			58.
b			14,306.
c			3,371.
d			
e			2,906.

2 Capital gain net income or (net capital loss) $\left\{ \begin{array}{l} \text{If gain, also enter in Part I, line 7} \\ \text{If (loss), enter -0- in Part I, line 7} \end{array} \right\}$	2	20,641.
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))
2015	169,391.	2,402,385.	.070510
2014	106,699.	3,438,683.	.031029
2013	108,371.	2,277,660.	.047580
2012	109,855.	2,160,544.	.050846
2011	107,176.	2,161,186.	.049591

2 Total of line 1, column (d)	2	.249556
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	.049911
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	2,344,275.
5 Multiply line 4 by line 3	5	117,005.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	976.
7 Add lines 5 and 6	7	117,981.
8 Enter qualifying distributions from Part XII, line 4	8	135,283.

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

**THE KARNES MEMORIAL FUND  
BANK OF PONTIAC, TRUSTEE**

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)**

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	976.
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	976.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
5	<b>Tax based on investment income</b> Subtract line 4 from line 3. If zero or less, enter -0-	5	976.
6	Credits/Payments:		
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a	1,057.
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	1,057.
8	Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	<b>Tax due</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>	9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>	10	81.
11	Enter the amount of line 10 to be <b>Credited to 2017 estimated tax</b> <span style="float:right">81. Refunded</span>	11	0.

**Part VII-A Statements Regarding Activities**

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

N/A

**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 ► <u>N/A</u>	X	
14 The books are in care of ► <u>THOMAS BRUCKER</u> Telephone no. ► <u>(815) 692-2302</u> Located at ► <u>606 WEST OAK ST., FAIRBURY, IL</u> ZIP+4 ► <u>61739</u>		
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year ►   15   <u>N/A</u>		
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 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (6) Agree to pay money or property to a government official? (Exception Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <u>N/A</u>		
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?		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(i)(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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► _____, _____, _____ b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) <u>N/A</u> c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► _____, _____, _____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No b If "Yes," did it have excess business holdings in 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) <u>N/A</u>		
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 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?		X

**THE KARNES MEMORIAL FUND  
BANK OF PONTIAC, TRUSTEE**

**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  
Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? **N/A**  Yes  No  
If "Yes," attach the statement required by Regulations section 53 4945-5(d).

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No  
If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?  Yes  No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **N/A**

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

**1 List all officers, directors, trustees, foundation managers and their compensation.**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
THOMAS L. LADEAIROUS 101 WEST CHESTNUT STREET FAIRBURY, IL 61739	TRUSTEE 5.00	0.	0.	0.
REV. KIM ERNST 801 NORTH FIRST STREET FAIRBURY, IL 61739	CHAIRMAN 5.00	0.	0.	0.
BANK OF PONTIAC 104 EAST LOCUST STREET FAIRBURY, IL 61739	TRUSTEE 5.00	6,994.	0.	0.
LYNN METZ 1264 EAST 1900 NORTH ROAD ROBERTS, IL 60962	TRUSTEE 5.00	0.	0.	0.

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

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

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

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

**3** Five highest-paid independent contractors for professional services. If none, enter "NONE."

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

Total number of others receiving over \$50,000 for professional services **0**

**Part IX-A** Summary of Direct Charitable Activities

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

	Expenses
<b>1</b> SCHOLARSHIPS	
	117,000.
<b>2</b>	
<b>3</b>	
<b>4</b>	

**Part IX-B** Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
<b>1</b> NONE	
	0.
<b>2</b>	
<b>3</b> All other program-related investments. See instructions.	

Total. Add lines 1 through 3 **0.**

**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
<b>a</b>	Average monthly fair market value of securities	<b>1a</b>	478,258.
<b>b</b>	Average of monthly cash balances	<b>1b</b>	25,882.
<b>c</b>	Fair market value of all other assets	<b>1c</b>	1,875,835.
<b>d</b>	<b>Total</b> (add lines 1a, b, and c)	<b>1d</b>	2,379,975.
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1e</b>	0.
<b>2</b>	Acquisition indebtedness applicable to line 1 assets	<b>2</b>	0.
<b>3</b>	Subtract line 2 from line 1d	<b>3</b>	2,379,975.
<b>4</b>	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	<b>4</b>	35,700.
<b>5</b>	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	<b>5</b>	2,344,275.
<b>6</b>	<b>Minimum investment return.</b> Enter 5% of line 5	<b>6</b>	117,214.

**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.)

<b>1</b>	Minimum investment return from Part X, line 6	<b>1</b>	117,214.
<b>2a</b>	Tax on investment income for 2016 from Part VI, line 5	<b>2a</b>	976.
<b>b</b>	Income tax for 2016 (This does not include the tax from Part VI)	<b>2b</b>	
<b>c</b>	Add lines 2a and 2b	<b>2c</b>	976.
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1	<b>3</b>	116,238.
<b>4</b>	Recoveries of amounts treated as qualifying distributions	<b>4</b>	0.
<b>5</b>	Add lines 3 and 4	<b>5</b>	116,238.
<b>6</b>	Deduction from distributable amount (see instructions)	<b>6</b>	0.
<b>7</b>	<b>Distributable amount as adjusted.</b> Subtract line 6 from line 5. Enter here and on Part XIII, line 1	<b>7</b>	116,238.

**Part XII Qualifying Distributions** (see instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
<b>a</b>	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	<b>1a</b>	135,283.
<b>b</b>	Program-related investments - total from Part IX-B	<b>1b</b>	0.
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the:		
<b>a</b>	Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4</b>	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	135,283.
<b>5</b>	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	<b>5</b>	976.
<b>6</b>	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	<b>6</b>	134,307.

**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.

**THE KARNES MEMORIAL FUND  
BANK OF PONTIAC, TRUSTEE**

**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				116,238.
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only			119,691.	
b Total for prior years:		0.		
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	0.			
4 Qualifying distributions for 2016 from Part XII, line 4. ▶ \$ 135,283.				
a Applied to 2015, but not more than line 2a			119,691.	
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 2016 distributable amount				15,592.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2016 (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:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2015. Subtract line 4a from line 2a. Taxable amount - see instr			0.	
f Undistributed income for 2016. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2017				100,646.
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 2011 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2017 Subtract lines 7 and 8 from line 6a	0.			
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				

**THE KARNES MEMORIAL FUND  
BANK OF PONTIAC, TRUSTEE**

**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 2016, enter the date of the ruling ▶

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

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

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

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

**NONE**

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

**NONE**

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

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

**SEE STATEMENT 12**

**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:







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

SOURCE	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
BANK OF PONTIAC	85.	85.	
STEFFEN FARM ACCOUNT	22.	22.	
TOTAL TO PART I, LINE 3	107.	107.	

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
BANK OF PONTIAC	13,682.	0.	13,682.	13,682.	
TO PART I, LINE 4	13,682.	0.	13,682.	13,682.	

FORM 990-PF RENTAL INCOME STATEMENT 3

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
FARM	1	114,486.
TOTAL TO FORM 990-PF, PART I, LINE 5A		114,486.

FORM 990-PF RENTAL EXPENSES STATEMENT 4

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
DEPRECIATION		162.	
PESTICIDES		4,619.	
FERTILIZER		2,995.	
SEED		6,337.	
MACHINE HIRE		1,290.	
DRYING		2,944.	

INSURANCE		1,329.	
PROPERTY TAXES		9,589.	
PAYMENT TO FARM TENANT		18,752.	
	- SUBTOTAL -	1	48,017.
TOTAL RENTAL EXPENSES			48,017.
NET RENTAL INCOME TO FORM 990-PF, PART I, LINE 5B			66,469.

FORM 990-PF OTHER INCOME STATEMENT 5

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
OPPENHEIMER FAIR FUND DISTRIBUTION	207.	207.	
TOTAL TO FORM 990-PF, PART I, LINE 11	207.	207.	

FORM 990-PF LEGAL FEES STATEMENT 6

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

FORM 990-PF ACCOUNTING FEES STATEMENT 7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PROFESSIONAL FEES	10,521.	50.		10,471.
TO FORM 990-PF, PG 1, LN 16B	10,521.	50.		10,471.

FORM 990-PF TAXES STATEMENT 8

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ILLINOIS FILING FEE	15.	0.		15.
PROPERTY TAXES	9,589.	9,589.		0.
TO FORM 990-PF, PG 1, LN 18	9,604.	9,589.		15.

FORM 990-PF OTHER EXPENSES STATEMENT 9

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PESTICIDES	4,619.	4,619.		0.
FERTILIZER	2,995.	2,995.		0.
SEED	6,337.	6,337.		0.
MACHINE HIRE	1,290.	1,290.		0.
DRYING	2,944.	2,944.		0.
INSURANCE	1,329.	1,329.		0.
PAYMENT TO FARM TENANT	18,752.	18,752.		0.
TO FORM 990-PF, PG 1, LN 23	38,266.	38,266.		0.

FORM 990-PF DEPRECIATION OF ASSETS HELD FOR INVESTMENT STATEMENT 10

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
NEW TILE	6,605.	6,605.	0.
LAND	620,411.	0.	620,411.
FULLY DEPRECIATED TILE	1,785.	1,785.	0.
NEW TILE	1,650.	1,650.	0.
NEW TILE	1,601.	1,016.	585.
TOTAL TO FM 990-PF, PART II, LN 11	632,052.	11,056.	620,996.

FORM 990-PF OTHER INVESTMENTS STATEMENT 11

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS	COST	349,456.	433,187.
TOTAL TO FORM 990-PF, PART II, LINE 13		349,456.	433,187.

FORM 990-PF

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

STATEMENT 12

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

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

TELEPHONE NUMBER

(815)692-2302

FORM AND CONTENT OF APPLICATIONS

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

ANY SUBMISSION DEADLINES

MARCH 1

RESTRICTIONS AND LIMITATIONS ON AWARDS

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

**High School Recipients**  
**2016-2017 Academic Year**

<b><u>Name and Address</u></b>	<b><u>August 15</u></b>	<b><u>December 15</u></b>	<b><u>Total</u></b>
Kyle J. Brauman 605 West Pine Street Fairbury, Illinois 61739	600.00	600.00	1,200.00
Grayson E. Cottrell 23 Carter Drive Fairbury, Illinois 61739	600.00	600.00	1,200.00
Klint A. Edelman 215 West Martin Street Forrest, Illinois 61741	250.00	250.00	500.00
Trenton L. Edelman 5066 North 2700 East Road Forrest, Illinois 61741	250.00	250.00	500.00
Victoria R. Edelman 205 Wanda Lane Fairbury, Illinois 61739	250.00	250.00	500.00
Hannah E. Folwell 308 East John Street Forrest, Illinois 61741	250.00	250.00	500.00
Rick F. Francis 34181 East 3100 North Road Chenoa, Illinois 61726	250.00	250.00	500.00
Jovanny Galvan-Alvarado 110 1/2 West John Street Forrest, Illinois 61741	600.00	600.00	1,200.00
Elizabeth S. Haas 24029 East 1200 North Road Fairbury, Illinois 61739	250.00	250.00	500.00
Luke A. Hale 23772 East 900 North Road Fairbury, Illinois 61739	250.00	250.00	500.00
Laine D. Honegger 5226 North 2800 East Road Forrest, Illinois 61741	250.00	250.00	500.00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Thomas E. Huisman 10206 North 3000 East Road Chatsworth, Illinois 60921	600.00	600.00	1,200.00
Caitlyn M. Ifft 11197 North 2300 East Road Fairbury, Illinois 61739	600.00	600.00	1,200.00
Kassadee M. Ifft 22900 East 1225 North Road Fairbury, Illinois 61739	600.00	600.00	1,200.00
Kylie A. Kafer 33 Canterbury Court Fairbury, Illinois 61739	600.00	600.00	1,200.00
Kyler J. Knapp 711 East Ash Street Fairbury, Illinois 61739	600.00	600.00	1,200.00
Blaine M. Lewallen 21 4R Drive Fairbury, Illinois 61739	600.00	600.00	1,200.00
Sierra N. Mowery 700 East Locust Street, Lot 15 Fairbury, Illinois 61739	600.00	600.00	1,200.00
Corban M. Roberts 109 West Martin Street Forrest, Illinois 61741	250.00	250.00	500.00
Nathan S. Somers 316 West Watson Forrest, Illinois 61741	600.00	600.00	1,200.00
Renae A. Steffen 4650 North 2020 East Road Fairbury, Illinois 61739	250.00	250.00	500.00
Samuel L. Weber 2479 North 3400 East Road Chatsworth, Illinois 60921	600.00	600.00	1,200.00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Hayden C. Wenger 619 North Pearl Street Forrest, Illinois 61741	600.00	600.00	1,200.00
Callie R. Williams 537 South Fourth Street Fairbury, Illinois 61739	250.00	250.00	500.00
Cole F. Yoder 33884 East 1200 North Road Chatsworth, Illinois 60921	250.00	250.00	500.00
Lori L. Young 19576 East 1200 North Road Fairbury, Illinois 61739	250.00	250.00	500.00
Honroe M. Zimmerman 508 South Fourth Street Fairbury, Illinois 61739	250.00	250.00	500.00
Luke A. Zimmerman 29691 East 825 North Road Forrest, Illinois 61741	250.00	250.00	500.00
	11,550.00	11,550.00	23,100.00

**College Recipients**  
**2016-2017 Academic Year**

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Dustin M. Allen 104 West Amber Drive Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Alex M. Brauman 605 West Pine Street Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Sabin R. Brummitt 40387 East 2300 North Road Cropsey, Illinois 61731	\$1,000.00	\$1,000.00	\$2,000.00
Laura K. Crane 26670 East 820 North Road Forrest, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Delayni R. Dameron 101 Lake View Drive Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Summer N. Dehm 514 East Maple Street Chatsworth, Illinois 60921	\$1,000.00	\$1,000.00	\$2,000.00
Danette R. DeWeese 210 West Elm Street Fairbury, Illinois 61739	\$1,650.00	\$1,650.00	\$3,300.00
Cole L. Fairley 107 West Willow Street Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Carter R. Frambes 411 East Walnut Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Claire E. Hammer 7377 North 2200 East Road Fairbury, Illinois 61739	\$1,500.00		\$1,500.00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Brittany R. Hari 4947 North 2200 East Road Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Trevor J. Hartman 410 North 10 <sup>th</sup> Street Fairbury, Illinois 61739	\$1,000.00	.00	\$1,000.00
Lauren T. Honegger 5226 North 2800 East Road Forrest, Illinois 61741	\$1,650.00	\$1,650.00	\$3,300.00
Leigh A. Honegger 5226 North 2800 East Road Forrest, Illinois 61741	\$500.00	\$500.00	\$1,000.00
Logan J. Honegger 5226 North 2800 East Road Forrest, Illinois 61741	\$1,150.00	\$1,150.00	\$2,300.00
Brianna M. Ifft 26436 East 1000 North Road Forrest, Illinois 61741	\$1,000.00	\$1,000.00	\$2,000.00
Bailey J. Kimmel 404 North Pearl Street Forrest, Illinois 61741	\$500.00	\$500.00	\$1,000.00
Camden P. Krenz 31363 North 3050 East Road Chenoa, Illinois 61726	\$1,000.00	\$1,000.00	\$2,000.00
Lucas R. Krippel 409 East Maple Street Fairbury, Illinois 61739	\$750.00	\$750.00	\$1,500.00
Adam L. Livezey 100 Florence Avenue Chenoa, Illinois 61761	\$500.00	\$500.00	\$1,000.00
Joshua M. McWilliams 706 East Ash Street Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Heidi N. Maier 4084 North 2700 East Road Forrest, Illinois 61741	\$1,000.00	\$1,000.00	\$2,000.00
John E. Malone 602 South Division Street Chenoa, Illinois 61726	\$1,000.00	\$1,000.00	\$2,000.00
Ashley M. Maurer 402 East Ash Street Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Hannah E. Miller 34131 East 2900 North Road Chenoa, Illinois 61726	\$1,000.00	\$1,000.00	\$2,000.00
Mariah L. Moore 10739-451 North 1300 East Road Chenoa, Illinois 61726	\$1,000.00	\$1,000.00	\$2,000.00
Bryce A. Nowak 103 Lakeview Drive Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Maci L. Oelschlager 39 Lakeview Drive Fairbury, Illinois 61739	\$1,500.00	\$1,500.00	\$3,000.00
Sarah E. Oprondek 106 East Amber Drive Fairbury, Illinois 61739	\$1,500.00	\$1,500.00	\$3,000.00
Emily A. Pratt 618 North 2500 East Road Cropsey, Illinois 61731	\$1,000.00	\$1,000.00	\$2,000.00
Korey J. Rich 102 East Willow Street Fairbury, Illinois 61739	\$500.00	\$500.00	\$1,000.00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Matthew J. Schahrer 400 Marilyn Drive Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Andrew J. Schuler 26227 East 3000 North Road Chenoa, Illinois 61726	\$1,000.00	\$1,000.00	\$2,000.00
Shania N. Scurlock 210 North Clay Street Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Edward R. Shafer 534 South 5 <sup>th</sup> Street Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Lauren B. Sheley 1020 Kings Mill Road Normal, Illinois 61761	\$750.00	\$750.00	\$1,500.00
Emily J. Shiflett 804 North Jackson Street Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Kacey L. Short 304 South Center Forrest, Illinois 61741	\$1,000.00	\$1,000.00	\$2,000.00
DeAnn D. Slagel 23965 East 500 North Road Fairbury, Illinois 61739	\$500.00	\$.	\$ 500.00
Caleb J. Smith 414 East Oak Street Chatsworth, Illinois 60921	\$1,000.00	\$1,000.00	\$2,000.00
Ryan D. Steffen 4650 North 2020 East Road Fairbury, Illinois 61739	\$500.00	\$500.00	\$1,000.00
Tami P. Steffen 4650 North 2020 East Road Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00

<u>Name and Address</u>	<u>August 15</u>	<u>December 15</u>	<u>Total</u>
Colton M. Steidinger 6019 North 2300 East Road Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Kenadee R. Stork 28687 East 1200 North Road Forrest, Illinois 61741	\$1,000.00	\$1,000.00	\$2,000.00
Amanda J. Todd 402 North Fourth Avenue Chenoa, Illinois 61726	\$750.00	\$750.00	\$1,500.00
Kendra N. Travis 510 East Ash Street Fairbury, Illinois 61739	\$500.00	\$500.00	\$1,000.00
Kelly J. Waldbeser 5484 North 2100 East Road Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
Kate E. Walter 34941 East 1900 North Road Cullom, Illinois 60929	\$750.00	\$750.00	\$1,500.00
Gabrielle R. Weber 2479 North 3400 East Road Chatsworth, Illinois 60921	\$1,000.00	\$1,000.00	\$2,000.00
Jacob E. Wessels 12515 North 2300 East Road Fairbury, Illinois 61739	\$1,000.00	\$1,000.00	\$2,000.00
<b>Total</b>	<b>\$48,450.00</b>	<b>\$45,450</b>	<b>\$93,900.00</b>