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

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2016

Open to Public Inspection

For calendar year 2016 or tax year beginning , 2016, and ending , 20

Name of foundation ARLIN FALCK FOUNDATION		A Employer identification number 41-1925877
Number and street (or P O box number if mail is not delivered to street address) 12743 BUCKLEY ROAD	Room/suite	B Telephone number (see instructions) 507-724-3348
City or town, state or province, country, and ZIP or foreign postal code CALEDONIA, MN 55921		C If exemption application is pending, check here ► ☐
G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change		D 1. Foreign organizations, check here . . . ► ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation . . . ► ☐
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here . . . ► ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ 4,956,719.17	J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis.)	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	28,521.47	28,521.47		
	4 Dividends and interest from securities	84,777.68	84,777.68		
	5a Gross rents				
	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)		0.00		
	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)					
12 Total. Add lines 1 through 11	113,299.15	113,299.15			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	51,900.00	9,825.00		42,075.00
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)	4,141.78	4,141.78		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	4,639.39	1,420.68		3,218.71
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	1,421.05			1,421.05
	22 Printing and publications				
	23 Other expenses (attach schedule)	2376.29	1232.97		1,143.32
	24 Total operating and administrative expenses. Add lines 13 through 23	64,478.51	16,620.43		47,858.08
	25 Contributions, gifts, grants paid	184,646.72			184,646.72
26 Total expenses and disbursements. Add lines 24 and 25	249,125.23	16,620.43		232,504.80	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	(135,826.08)				
b Net investment income (if negative, enter -0-)		96,678.72			
c Adjusted net income (if negative, enter -0-)					

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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				
	2 Savings and temporary cash investments		2,024,702.27	1,875,387.11	1,880,606.32
	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 ▶		25,391.09	20,936.61	20,936.61
	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)		2,301,594.26	2,316,060.02	3,055,176.24
	c Investments—corporate bonds (attach schedule)		103,246.00	103,246.00	0.00
	11 Investments—land, buildings, and equipment: basis ▶				
Liabilities	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)		4,454,933.62	4,315,629.74	4,956,719.17
	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)				
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ☐ and complete lines 24 through 26 and lines 30 and 31.				
	24 Unrestricted				
	25 Temporarily restricted				
	26 Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.				
	27 Capital stock, trust principal, or current funds		4,454,933.62	4,315,629.74	
	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)		4,454,933.62	4,315,629.74	
	31 Total liabilities and net assets/fund balances (see instructions)		4,454,933.62	4,315,629.74	

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	4,454,933.62
2 Enter amount from Part I, line 27a	2	(135,826.08)
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	4,319,107.54
5 Decreases not included in line 2 (itemize) ▶ BASIS ADJUSTMENTS/DISPOSITIONS	5	3,477.80
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	4,315,629.74

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	PUBLICLY TRADED SECURITIES - MORGAN STANLEY			
b	CAPITAL GAIN DISTRIBUTION - MORGAN STANLEY			
c	PUBLICLY TRADED SECURITIES - MORGAN STANLEY			
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 474,522.00		489,845.67	(15,323.67)
b 3,584.11			3,584.11
c 163,335.32		162,352.67	982.65
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			

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	(10,756.91)
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.

(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	279,583.61	5,214,275.31	.0536189
2014	243,243.22	5,204,308.53	.0467388
2013	292,616.90	5,125,226.27	.0570935
2012	171,726.82	5,124,538.70	.0335107
2011	270,813.76	4,864,014.89	.0556770

2 Total of line 1, column (d)	2	.2466389
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	.0493278
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	4,855,166.98
5 Multiply line 4 by line 3	5	239,494.71
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	966.79
7 Add lines 5 and 6	7	240,461.50
8 Enter qualifying distributions from Part XII, line 4 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.	8	232,504.80

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	1,933	57
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	00
3	Add lines 1 and 2	3	1,933	57
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0	00
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	1,933	57
6	Credits/Payments:			
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a	2,000	00
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	00
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	66	43
11	Enter the amount of line 10 to be: Credited to 2017 estimated tax 66 43 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?		✓
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the 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>		✓
c Did the foundation file Form 1120-POL for this year?		✓
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ \$ <u>0.00</u> (2) On foundation managers. ▶ \$ <u>0.00</u>		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ <u>0.00</u>		
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>		✓
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>		✓
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		✓
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
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>		✓
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?	✓	
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>	✓	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ MINNESOTA		
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>	✓	
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>		✓
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		✓

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)		✓
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)		✓
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	✓	
14 The books are in care of ▶ KATHLEEN V. NELSON Telephone no. ▶ 507-724-3348 Located at ▶ 12743 BUCKLEY ROAD, CALEDONIA, MN ZIP+4 ▶ 55921-2808		
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here. ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A		
16 At any time during calendar year 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 ▶	Yes 16	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.**

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? . . . ☐ Yes ☒ No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? . . . ☐ Yes ☒ No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? . . . ☒ Yes ☐ No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No		
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No		
b If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	✓
Organizations relying on a current notice regarding disaster assistance check here ▶ ☐		
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	N/A
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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2016.</i>)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2016?	4b	✓

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 ☒ NoOrganizations 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

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**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	(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
KATHLEEN V. NELSON 12743 BUCKLEY ROAD, CALEDONIA, MN	PRESIDENT 22.5 HR	39,300.00	0.00	0.00
DALE EVAVOLD PO BOX 478, RUSHFORD, MN	SECRETARY 1 HR	6,300.00	0.00	0.00
ALAN C. ANDERSON 121 14TH ST NE, ROCHESTER, MN	TREASURER 1 HR	6,300.00	0.00	0.00

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	(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 ☐

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 N/A**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	2,853,007.04
b	Average of monthly cash balances	1b	2,052,190.23
c	Fair market value of all other assets (see instructions)	1c	23,906.26
d	Total (add lines 1a, b, and c)	1d	4,929,103.53
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	4,929,103.53
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	73,936.55
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,855,166.98
6	Minimum investment return. Enter 5% of line 5	6	242,758.35

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	242,758.35
2a	Tax on investment income for 2016 from Part VI, line 5	2a	1,933.57
b	Income tax for 2016. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,933.57
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	240,824.78
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	240,824.78
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	240,824.78

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	232,504.80
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	232,504.80
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	232,504.80

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				240,824.78
2 Undistributed income, if any, as of the end of 2016:				
a Enter amount for 2015 only			77,955.82	
b Total for prior years: 20____, 20____, 20____		0.00		
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	0.00			
4 Qualifying distributions for 2016 from Part XII, line 4: ► \$ <u>232,504.80</u>				
a Applied to 2015, but not more than line 2a			77,955.82	
b Applied to undistributed income of prior years (Election required—see instructions)		0.00		
c Treated as distributions out of corpus (Election required—see instructions)	0.00			
d Applied to 2016 distributable amount				154,548.98
e Remaining amount distributed out of corpus	0.00			
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.00			0.00
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.00			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.00		
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		0.00		
d Subtract line 6c from line 6b. Taxable amount—see instructions		0.00		
e Undistributed income for 2015. Subtract line 4a from line 2a. Taxable amount—see instructions			0.00	
f Undistributed income for 2016. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2017				86,275.80
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)	0.00			
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions)	0.00			
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a	0.00			
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 **N/A**

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

ARLIN FALCK FOUNDATION
KATHLEEN V. NELSON, 12743 BUCKLEY ROAD, CALEDONIA, MN 55921 507-724-3348

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

AS PER FOUNDATION GRANT APPLICATION AVAILABLE AT ADDRESS INDICATED IN 2a.

c Any submission deadlines:

NOVEMBER 1

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors: 1) Scholarships for students who reside in Fillmore and Houston Counties, MN and Allamakee and Winneshiek Counties, IA and intend to study business subjects. 2) Entities that have 501(c)(3) designation or municipalities in the same four county areas, for community projects.

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE SCHEDULE ATTACHED				184,646.72
Total			3a	184,646.72
b Approved for future payment NONE				
Total			3b	

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments			14	28,521.47	
4	Dividends and interest from securities			14	84,777.68	
5	Net rental income or (loss) from real estate:					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory					
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue: a					
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)				113,299.15	
13	Total. Add line 12, columns (b), (d), and (e)				113,299.15	

(See worksheet in line 13 instructions to verify calculations.)

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)

[illegible]

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of:		
	(1) Cash	1a(1)	✓
	(2) Other assets	1a(2)	✓
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)	✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)	✓
	(3) Rental of facilities, equipment, or other assets	1b(3)	✓
	(4) Reimbursement arrangements	1b(4)	✓
	(5) Loans or loan guarantees	1b(5)	✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)	✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	✓
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]

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 instructions)? ☒ Yes ☐ No

Phone no	507-288-3947
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ARLIN FALCK FOUNDATION
Return of Private Foundation
Supporting Schedule
12-31-16

<u>Other Professional Fees - Form 990-PF, Part I, Line 16c</u>	<u>Amount</u>
Morgan Stanley investment and management service fees	\$ 4,141.78
Total other professional fees	<u>\$ 4,141.78</u>
<u>Taxes - Form 990-PF, Part I, Line 18</u>	
Payroll tax	\$ 3,970.32
Foreign tax	669.07
Total taxes	<u>\$ 4,639.39</u>
<u>Other Expenses - Form 990-PF, Part I, Line 23</u>	
Office expense	\$ 1,677.29
Filing fees	25.00
Insurance	674.00
Total other expenses	<u>\$ 2,376.29</u>
<u>Other Notes and Loans Receivable - Form 990-PF, Part II, Line 7 - End of Year Book Value</u>	
Hesper-Mabel Area Historical Society	\$ 20,936.61
Total other notes and loans receivable	<u>\$ 20,936.61</u>
<u>Investments - Corporate Stock - Form 990-PF, Part II, Line 10b - End of Year Book Value</u>	
Abbott Laboratories	\$ 22,513.50
Aberdeen Asia Pacific Prime Income	10,271.11
Adient PLC Com	419.27
Alcoa Corp	506.53
Arconic Inc	1,243.14
Allete Inc New	80,290.00
Alliant Energy Corp	57,746.50
American Intl Group WTS	85.00
Apple Inc	20,069.39
AT&T Inc	32,665.72
Bristol Myers Squibb Co	7,200.78
CBS Corp New	7,110.34
Chesapeake Energy Corp	5,737.24
Chevron Corporation	64,329.00
Cisco Sys Inc	9,095.20
Coca Cola Co	11,038.21
Coca Cola Co	16,302.73
Comcast Corp Cl A New	23,072.60
Communications Sales & Lease Inc	3,358.12
ConocoPhillips	20,414.04
Consolidated Edison Inc	20,205.00
Devon Energy Corp New	8,883.52
DNP Select Income Inc	25,973.29
DTE Energy Company	16,717.00
Duke Energy Corp New	4,759.77

ARLIN FALCK FOUNDATION
Return of Private Foundation
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Investments - Corporate Stock - Form 990-PF, Part II,

<u>Line 10b - End of Year Book Value (continued)</u>	<u>Amount</u>
Eaton Corp PLC	\$ 25,591.80
ESC Seventy Seven	343.06
Exxon Mobil Corp	19,605.37
Fastenal Co	10,375.03
Fastenal Co	27,193.28
Ford Motor Company New	9,743.59
Franklin Income Fund C1 A	45,585.79
General Electric Co	22,013.60
General Electric Co	21,586.33
Glaxosmithkline PLC	10,659.80
Glaxosmithkline PLC	13,972.98
Halyard Health Inc	541.81
Hawaiian Electric Ind	35,488.63
Hershey Company	21,269.08
Hologic Inc	11,355.80
Hormel Foods Corp	10,220.84
Hormel Foods Corporation	23,319.00
Intel Corp	9,824.86
International Paper Co	20,964.92
Ishares S & P 500 Growth ETF	20,028.81
Ishares S & P 500 Value ETF	23,159.77
Ishares S & P Mid-Cap 400 G ETF	10,488.46
Ishares S & P Mid-Cap 400 V ETF	11,962.79
Ishares S & P Small-Cap 600 V ETF	8,421.47
Ishares Small-Cap 600 G ETF	7,502.00
Johnson Ctls Intl PLC	2,129.73
JP Morgan Chase & Co	19,805.81
JP Morgan Chase & Co	18,233.00
Kimberly Clark Corp	12,506.98
Kinder Morgan Inc	105,415.83
Kinder Morgan Inc	555,959.96
Libby Inc	17,520.02
Liberty All-Star Equity Fund	20,965.32
Lincoln National Corp Ind	47,022.30
Mallinckrodt Public Ltd Co	294.11
Mattel Inc	14,317.48
Medtronic PLC	7,258.75
Merck & Co Inc New	47,409.88
Microsoft Corp	9,100.93
Nokia CP ADR	2,143.51
Novartis Ag ADR	27,057.11
One Gas Inc	697.53
Oneok Inc New	4,803.48
Outfront Media Inc	3,424.47
Pentair Ltd	734.05
Pepsico Inc	5,561.40

ARLIN FALCK FOUNDATION
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Investments - Corporate Stock - Form 990-PF, Part II,Line 10b - End of Year Book Value (continued)

	<u>Amount</u>
PG&E Corporation	\$ 92,800.00
Pimco All Asset P	24,300.43
Pimco GNMA P	22,546.99
QS S & P 500 Index A	67,582.03
Royce Global Value Tr Inc	698.01
Royce Value Trust Inc	12,046.88
Super Value Inc	7,323.75
Synchrony Financial	9,043.99
Taiwan Semiconductor Mfg Co	10,365.05
TE Connectivity Ltd New	3,226.30
Unisys Corporation New	22,272.00
United Health Group Inc	10,110.19
US Bancorp Com New	14,944.89
Vanguard Sh Tm Invt Gr Inv	21,906.71
Vodafone Group PLC	23,571.57
Walt Disney Co Hldg Co	29,575.74
Westar Energy Inc	106,598.74
Windstream Hldgs Inc	1,064.23
Xcel Energy Inc	22,495.00
Total investments - corporate stock	<u><u>\$2,316,060.02</u></u>

Part II, Line 10c(b) & (c)Investments - corporate bonds

Washington Mutual Bank	<u><u>\$103,246.00</u></u>
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Grants Paid - Form 990-PF, Part XV, Line 3a

Camp Winnebago - Camp Sponsorships 19708 Camp Winnebago Rd Caledonia, MN 55921	\$ 15,000.00
Grace Place - Ministry Expansion PO Box 698 Rushford, MN 55971	12,000.00
City of Spring Grove - Ambulance Safety Equipment PO Box 122 Spring Grove, MN 55974	12,000.00
Hesper - Mabel Area Historical Society - Barn Improvement PO Box 56 Mabel, MN 55954	11,971.00
City of Mabel - Update Ambulance Equipment PO Box 425 Mabel, MN 55954	10,374.00

ARLIN FALCK FOUNDATION
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<u>Grants Paid - Form 990-PF, Part XV, Line 3a (continued)</u>	<u>Amount</u>
City of Lansing - Playground Enhancement Michael Brennan, Mayor Lansing, IA 52151	\$ 10,000.00
Spectrum Industries - Renovation Costs - Food PO Box 22 Aggregation and Cold Storage Decorah, IA 52101 Facilities	10,000.00
Monster Bash, Inc. - Fillmore Central Building Fund 155 Fourth Ave SE Harmony, MN 55939	7,500.00
Caledonia Area Community Charities Inc - Concrete 900 N Kingston St Repair/Gutter Caledonia, MN 55921 Install	7,400.00
City of Lanesboro - Sons of Norway Lodge Demo and 202 Parkway Ave S Improvements Lanesboro, MN 55949	5,240.00
Canton Historical Society - Canton Depot Restoration PO Box 15 Canton, MN 55922	5,000.00
City of Rushford - Rushford Sign - Rebuild/Light PO Box 430 Rushford, MN 55971	5,000.00
Harpers Ferry Boosters, Inc. - Splash Pad PO Box 162 Harpers Ferry, IA 52146	5,000.00
Houston County Care and Share - Christmas Gifts for 138 East Main St the Needy Caledonia, MN 55921	5,000.00
LaCrescent Animal Rescue, Inc. - Update Ventilating PO Box 112 System LaCrescent, MN 55947	4,808.00
City of Caledonia - Downtown Decorations 231 East Main St Caledonia, MN 55921	4,693.20

ARLIN FALCK FOUNDATION
Return of Private Foundation
Supporting Schedule
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<u>Grants Paid - Form 990-PF, Part XV, Line 3a (continued)</u>	<u>Amount</u>
City of Hokah - Public Library Community Center PO Box 503 Hokah, MN 55941	\$ 4,371.24
Upper Explorerland Regional Planning Commission - Bike 325 Washington St, Suite A Safety Program Decorah, IA 52101	4,100.00
The New Minowa Players - Capital Campaign PO Box 321 Decorah, IA 52101	4,000.00
Winneshiek County Historical Society - ST View Scan PO Box 63 Decorah, IA 52101	3,500.00
City of Caledonia - Youth & Mentoring Education & Arts 231 East Main St Caledonia, MN 55921	3,000.00
City of Rushford EDA - Rushford Public Access Channel PO Box 430 Rushford, MN 55971	3,000.00
City of Caledonia - Wild Turkey Fest 231 East Main St Caledonia, MN 55921	2,608.00
International Owl Center - Owl Tree Chainsaw Carving PO Box 536 Houston, MN 55943	2,000.00
Luther College - Women's Seminar 700 College Drive Decorah, IA 52101	2,000.00
St. Patrick School - Wobble Chairs and Standing Desks 200 2nd St SW Waukon, IA 52172	581.28
<u>Scholarships</u>	
Decorah High School 100 E. Claiborne Dr Decorah, IA 52101	5,350.00
Allamakee High School 1059 Third Ave NW Waukon, IA 52172	4,150.00

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<u>Scholarships (continued)</u>	<u>Amount</u>
LaCrescent High School 1301 Lancer Blvd LaCrescent, MN 55947	\$ 3,990.00
 Rushford-Peterson High School 102 N Mill St Rushford, MN 55971	 2,550.00
 So. Winneshiek High School PO Box 430 Calmar, IA 52132	 2,350.00
 Postville High School 314 West Post St Postville, IA 52162	 2,100.00
 Fillmore Central High School PO Box 599 Harmony, MN 55939	 2,060.00
 Caledonia High School 825 North Warrior Ave Caledonia, MN 55921	 1,950.00
 Total grants paid	 <u>\$184,646.72</u>

Year Ending: December 31, 2016

41-1925877

ARLIN FALCK FOUNDATION
12743 Buckley Road
Caledonia, MN 55921

Section 1.263(a)-1(f) De Minimis Safe Harbor Election

Under Regulation 1.263(a)-1(f), the taxpayer hereby elects to apply the de minimis safe harbor election to all qualifying property placed in service during the tax year.

Tax Asset Detail 1/01/16 - 12/31/16

FYE: 12/31/2016

Asset	id	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
1	d	Laptop	3/31/06	799.00	0.00	0.00	799.00	0.00	799.00	0.00	S/L	5.00
2	d	Software - Quicken	4/06/06	89.00	0.00	0.00	89.00	0.00	89.00	0.00	Amort	3.00
3	d	Software - CFS Tax	5/31/06	96.00	0.00	0.00	96.00	0.00	96.00	0.00	Amort	3.00
Grand Total				984.00	0.00c	0.00	984.00	0.00	984.00	0.00		
Less: Dispositions and Transfers				984.00	0.00	0.00	984.00	0.00	984.00	0.00		
Net Grand Total				0.00	0.00c	0.00	0.00	0.00	0.00	0.00		