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
The Mel and Grace McLean Foundation

A Employer identification number
68-0400603

Number and street (or P O box number if mail is not delivered to street address)
1336 Main Street

Room/suite

B Telephone number (see instructions)
(707) 725-1722

City or town, state or province, country, and ZIP or foreign postal code
Fortuna, CA 95540

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)*▶$ 44,117,609

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))*

	Line	Description	(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	236,172	236,172	236,172	
	4	Dividends and interest from securities	776,118	776,118	776,118	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	1,858,510			
	b	Gross sales price for all assets on line 6a 12,639,330				
	7	Capital gain net income (from Part IV, line 2)		1,858,760		
	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)	38,538	37,000		
	12	**Total.** Add lines 1 through 11	2,909,338	2,908,050	1,012,290	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	160,303	33,884		126,419
	14	Other employee salaries and wages	88,906			88,906
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)	66,048	61,200		4,848
	b	Accounting fees (attach schedule)	66,463	21,688		44,775
	c	Other professional fees (attach schedule)				
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	36,219	11,878		24,341
	19	Depreciation (attach schedule) and depletion	7,395	1,849		
	20	Occupancy	16,976	4,244		12,732
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	432,607	233,159		199,448
	24	**Total operating and administrative expenses.** Add lines 13 through 23	874,917	367,902		501,469
	25	Contributions, gifts, grants paid	1,501,848			1,501,848
	26	**Total expenses and disbursements.** Add lines 24 and 25	2,376,765	367,902		2,003,317
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	532,573			
	b	**Net investment income** (if negative, enter -0-)		2,540,148		
	c	**Adjusted net income**(if negative, enter -0-)			1,012,290	

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	200	200	200
	2	Savings and temporary cash investments	2,031,925	4,864,973	4,864,973
	3	Accounts receivable ▶ 2,489			
		Less allowance for doubtful accounts ▶	762	2,489	2,489
	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		12,792	12,794
	10a	Investments—U S and state government obligations (attach schedule)	205,576	205,007	205,007
	b	Investments—corporate stock (attach schedule)	23,466,090	22,241,271	22,241,271
	c	Investments—corporate bonds (attach schedule)	7,939,704	7,221,309	7,221,309
	11	Investments—land, buildings, and equipment basis ▶			
		Less accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans	6,493,272	5,893,730	5,893,730
	13	Investments—other (attach schedule)	1,129,652	1,208,808	1,208,808
	14	Land, buildings, and equipment basis ▶ 85,196			
		Less accumulated depreciation (attach schedule) ▶ 52,895	23,796	32,301	32,301
	15	Other assets (describe ▶)	1,223,797	2,434,727	2,434,727
	16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	42,514,774	44,117,607	44,117,609
Liabilities	17	Accounts payable and accrued expenses	8,589	11,222	
	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 ▶)	431,658	1,135,544	
	23	**Total liabilities**(add lines 17 through 22)	440,247	1,146,766	
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	42,074,527	42,970,841	
	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)	42,074,527	42,970,841	
	31	**Total liabilities and net assets/fund balances** (see instructions)	42,514,774	44,117,607	

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	42,074,527
2	Enter amount from Part I, line 27a	2	532,573
3	Other increases not included in line 2 (itemize) ▶	3	389,302
4	Add lines 1, 2, and 3	4	42,996,402
5	Decreases not included in line 2 (itemize) ▶	5	25,561
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	42,970,841

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	1,858,760
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	-49,098

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	1,933,529	40,859,507	0 04732
2014	1,785,940	30,610,954	0 05834
2013	548,330	27,711,961	0 01979
2012	1,236,984	24,892,985	0 04969
2011	746,601	25,839,671	0 02889

2	**Total** of line 1, column (d)	2	0 204037
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 040807
4	Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	40,462,653
5	Multiply line 4 by line 3	5	1,651,159
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	25,401
7	Add lines 5 and 6	7	1,676,560
8	Enter qualifying distributions from Part XII, line 4	8	2,502,813

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	25,401
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	25,401
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	25,401
6	Credits/Payments			
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a 38,186		
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		
7	Total credits and payments Add lines 6a through 6d		7	38,193
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	12,792
11	Enter the amount of line 10 to be **Credited to 2017 estimated tax** ▶ 12,792	**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)?	1b		No
	*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*			
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? *If "Yes," attach a detailed description of the activities*	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? *If "Yes," attach a conformed copy of the changes*	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		No
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	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? *If "Yes," complete Part II, col (c), and Part XV*	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶CA			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? *If "No," attach explanation*	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)? *If "Yes," complete Part XIV*	9		No
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		No

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).	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?	13	Yes	

Website address ▶N/A

14 The books are in care of ▶Dennis Scott Telephone no ▶(707) 725-1722

Located at ▶1336 Main Street FORTUNA CA ZIP+4 ▶955402128

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 |

			Yes	No
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?	16		No
	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 ▶			

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

			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		No
	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		No

2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))

a At the end of tax year 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____

			Yes	No
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		No

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

			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).*	3b		No
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

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

			Yes	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**		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? ☐ Yes ☑ No			
	If "Yes," attach the statement required by Regulations section 53 4945-5(d)			
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☑ No			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	**6b**		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**		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
See Additional Data Table				

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

(a) Name and address of each employee paid more than $50,000	**(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
Denise L Marshall 2144 Skylark Lane Fortuna, CA 95540	Director 32 00	50,708		650
Dawn M Watkins 1400 Main St A Ferndale, CA 95536	Admin Assistant 24 00	432		
Lauren E Correll 1727 Clara Avenue Fortuna, CA 95540	Admin Assistant 24 00	23,519		
Becky Giacomini 2370 Rio Vista Drive Rio Dell, CA 95562	clerk 1 00	1,875		

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
Atlantic Trust 24088 Network Place Chicago, IL 60673	Investment Service	100,580
The Harland Law Firm 622 H Street Eureka, CA 95501	Legal	54,560
Sabrina De Lashmutt 301 9th Street Arcata, CA 95521	Consulting	56,925
Judy Harrison P O Box 394 Loleta, CA 95551	Consulting	65,127
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	
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	31,623,939
b	Average of monthly cash balances		1b	2,590,346
c	Fair market value of all other assets (see instructions)		1c	6,864,551
d	**Total** (add lines 1a, b, and c)		1d	41,078,836
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e 0		
2	Acquisition indebtedness applicable to line 1 assets		2	
3	Subtract line 2 from line 1d		3	41,078,836
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)		4	616,183
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4		5	40,462,653
6	**Minimum investment return.** Enter 5% of line 5		6	2,023,133

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	2,023,133
2a	Tax on investment income for 2016 from Part VI, line 5	2a 25,401		
b	Income tax for 2016 (This does not include the tax from Part VI)	2b		
c	Add lines 2a and 2b		2c	25,401
3	Distributable amount before adjustments Subtract line 2c from line 1		3	1,997,732
4	Recoveries of amounts treated as qualifying distributions		4	
5	Add lines 3 and 4		5	1,997,732
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	1,997,732

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	2,003,317
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	499,496
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	2,502,813
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	25,401
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	2,477,412

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				1,997,732
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only.			60,904	
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 ▶ $ 2,502,813				
a Applied to 2015, but not more than line 2a			60,904	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).	0			
d Applied to 2016 distributable amount.				1,997,732
e Remaining amount distributed out of corpus	444,177			
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	444,177			
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				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)				
8 Excess distributions carryover from 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	444,177			
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. . . . 444,177				

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)

	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 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 e-mail address of the person to whom applications should be addressed

McLean Foundation
1336 Main Street
Fortuna, CA 95540
(707) 725-1722
denise@mcleanfoundation org

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

Grant application with instructions for completion is available at 1336 Main Street, Fortuna, CA 95540

c Any submission deadlines

Various deadlines during the year

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

Restrictions vary depending on the grant category

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 ATTACHED SCHEDULE 1336 Main Street Fortuna, CA 95540	NONE		The Melvin F and Grace McLean Foundation honors the memory of Mel and Grace through proactive grant making to enhance the quality of life for the people of Humboldt County the Foundation supports projects and organizations that benefit children, youth, the elderly and those in need This mission is accomplished through partnerships, collaborations and supporting our local nonprofit sector	1,501,848
Total . . . . ▶ **3a**				1,501,848
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

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	236,172	
4 Dividends and interest from securities. . . .			14	776,118	
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					1,858,510
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a Late fees			1	1,721	
b Scaling Bureau-old script			1	36,817	
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e). .				1,050,828	1,858,510

13 **Total.** Add line 12, columns (b), (d), and (e). 13 2,909,338

(See worksheet in line 13 instructions to verify calculations)

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

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)

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

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

d If the answer to any of the above is "Yes," complete the following schedule Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received

(a) Line No	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☑ No

b If "Yes," complete the following schedule

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

******	2017-11-14	******	May the IRS discuss this return with the preparer shown below (see instr)? ☑ **Yes** ☐ **No**
Signature of officer or trustee	Date	Title	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ▶ ☐	PTIN
Keith D Borges				P00183935
Firm's name ▶ AndersonLucasSomervilleEtal				Firm's EIN ▶
Firm's address ▶ 1338 Main Street Fortuna, CA 95540				Phone no (707) 725-4442

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

(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)
schwab-ST covered	P	2016-01-31	2016-12-31
vanguard-LT covered	P	2000-01-01	2016-12-31
Sale of land (all)	P	2000-01-01	2016-12-31
schwab-LT noncovered	P	2000-01-01	2016-12-31
schwab - LT covered	P	2000-01-01	2016-12-31
Software	P	1999-12-31	2016-01-31
Wash Sale			

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)
763,874		811,863	-47,989
3,189,618		2,879,171	310,447
2,533,000		1,887,165	645,835
227,509		227,340	169
5,925,329		4,973,922	951,407
	6,791	8,150	-1,359
			250

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	
			-47,989
			310,447
			645,835
			169
			951,407
			-1,359

Form 990PF Part VIII Line 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
Walt Giacomini 2370 Rio Vista Lane Rio Dell, CA 95562	At Large 5 00	5,550		2,525
Jon Sapper 1965 Home Avenue FORTUNA, CA 95540	Secretary 5 00	5,563		2,029
Dennis Scott 14 Pinecrest Drive Fortuna, CA 95540	President & CEO 30 00	124,667		722
Tiara Brown 2450 Hillside Drive FORTUNA, CA 95540	CFO 5 00	5,400		1,392
Jennifer Budwig PO Box 717 Hydesville, CA 95547	CFO 5 00	5,875		
Erin Dunn 1751 Beech Street FORTUNA, CA 95540	At large 5 00	6,250		330

TY 2016 Accounting Fees Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ALSB	50,713	17,750	0	32,963
David L Moonie & Co	15,750	3,938	0	11,812

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TY 2016 Depreciation Schedule

Name: The Mel and Grace McLean Foundation
EIN: 68-0400603
Software ID: 16000303
Software Version: 2016v3.0

Description of Property	Date Acquired	Cost or Other Basis	Prior Years' Depreciation	Computation Method	Rate / Life (# of years)	Current Year's Depreciation Expense	Net Investment Income	Adjusted Net Income	Cost of Goods Sold Not Included
OFFICE LEASEHOLD IMPR	2000-04-18	6,253	2,514	SL	2 56 %	160	40		
Conference Room Remodel	2007-09-13	14,672	8,321	SL	6 67 %	979	245		
Printer-Brother	2011-01-06	411	400	SL	2 50 %	11	3		
File Cabinet	2011-10-10	1,887	1,555	SL	17 50 %	332	83		
Copier/Printer/scanner/fa	2012-05-08	2,113	1,480	SL	20 00 %	423	106		
Laptop-Dennis	2012-05-23	1,858	1,302	SL	20 00 %	372	93		
Computer - Leigh	2012-08-30	1,007	704	SL	20 00 %	201	50		
Laptop - Sabrina	2013-12-03	864	368	SL	20 00 %	173	43		
Color Copier	2014-06-19	3,974	1,192	SL	20 00 %	795	199		
Leasehold Improve Front	2014-01-07	5,757	576	SL	6 67 %	384	96		
Office furn/sign	2014-05-09	4,006	1,202	SL	20 00 %	801	200		
Desks	2014-08-05	866	260	SL	20 00 %	173	43		
Computer	2016-02-05	900		SL	10 00 %	90	23		
Software	2016-01-14	15,000		SL	16 67 %	2,501	625		

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TY 2016 Investments Corporate Bonds Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Name of Bond	End of Year Book Value	End of Year Fair Market Value
Schwab	1,149,599	1,149,599
Vanguard	6,069,556	6,069,556
Purchased Interest Receivable	1,599	1,599
Dividends Receivable	555	555

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TY 2016 Investments Corporate Stock Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Name of Stock	End of Year Book Value	End of Year Fair Market Value
Schwab	12,541,812	12,541,812
Vanguard	9,699,459	9,699,459

TY 2016 Investments Government Obligations Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

US Government Securities - End of Year Book Value:	205,007
US Government Securities - End of Year Fair Market Value:	205,007
State & Local Government Securities - End of Year Book Value:	
State & Local Government Securities - End of Year Fair Market Value:	

TY 2016 Investments - Other Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
Land for Resale	AT COST	970,821	970,821
Vilica - Misha Blacker Rec. from Bankrup	AT COST	12,167	12,167
Schwab	FMV	225,820	225,820

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TY 2016 Land, Etc. Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Category / Item	Cost / Other Basis	Accumulated Depreciation	Book Value	End of Year Fair Market Value
Furniture and Fixtures	16,115	13,678	2,437	2,437
Machinery and Equipment	20,011	16,394	3,617	3,617
Improvements	34,070	20,322	13,748	13,748
Miscellaneous	15,000	2,501	12,499	12,499

TY 2016 Legal Fees Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
8	66,048	61,200	0	4,848

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TY 2016 Other Assets Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Other Assets Schedule

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
community center account			19,110
Community Center Acount		19,110	
DEPOSITS	795	795	795
ftna donation acct	420,099	1,113,783	1,113,783
Mora Property	801,544	1,301,039	
Mora Property to be distributed			1,301,039

TY 2016 Other Decreases Schedule

Name: The Mel and Grace McLean Foundatıon

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Description	Amount
Current perıod adȷ for tax etc. (2016)	25,561

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TY 2016 Other Expenses Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Amortization bond discount/premium	64,802	64,802		
AUTO ALLOW FOR DENNIS INCL IN OFF COMP	-722			-722
Auto Allowance-employees	1,899			1,899
BANK CHARGES	100			100
Consulting services	134,891	13,842		121,049
DUES	4,785			4,785
EDUC/CONF TRAVEL INCL IN OFFICER EXP	-6,165			-6,165
EDUCATION/CONFERENCES	24,057	6,014		18,043
Equipment rent	1,320	330		990
Foreign Tax - Schwab	5,019	5,019		

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Foreign tax-Vanguard	7,482	7,482		
Insurance	15,482	3,871		11,611
Investment expenses	128,406	128,406		
MEALS & ENTERTAINMENT	7,425			7,425
MGC - Executive Director Expense	1,964			1,964
MISCELLANEOUS	345			345
MISCELLANEOUS DONATIONS	5,826			5,826
OFFICE EXPENSE	4,935	1,234		3,701
Open Door Clinic Expense	15,882			15,882
Promotion Expense	4,665			4,665

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
reclassify div income-open door	24	24		
Reclassify Interest inc Ftna Don acct	204	204		
REPAIRS & MAINT	576	144		432
TECHNICAL SUPPORT	485	121		364
Utilities and telephone	5,056	1,264		3,792
Worker's compensation	3,864	402		3,462

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TY 2016 Other Income Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Other Income Schedule

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
Late fees	1,721	183	
Scaling Bureau-old script	36,817	36,817	

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TY 2016 Other Increases Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Description	Amount
addtl. adj for wash sale-Schwab change in value	250
capitalize community center expenses pd in 2015	49,820
Change in FMV - Schwab	45,813
Change in FMV - Vanguard	197,609
Change in FMV Reserve - notes rec./land for sale	92,827
Non dividend distributions (Return of Capital)	2,982
Rounding	1

TY 2016 Other Liabilities Schedule

Name: The Mel and Grace McLean Foundation

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Description	Beginning of Year - Book Value	End of Year - Book Value
Ftna donation acct-open door	420,781	1,116,272
FTB & Attorney Gen'l.	160	160
Community Ctr donations		19,110
Rounding	3	2

TY 2016 Taxes Schedule

Name: The Mel and Grace McLean Foundatıon

EIN: 68-0400603

Software ID: 16000303

Software Version: 2016v3.0

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Payroll taxes-employees	16,352	2,318		14,034
property taxes	19,867	9,560		10,307