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For calendar year 2016 or tax year beginning

, and ending

Name of foundation

KLM FOUNDATION

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

10100 SANTA MONICA BLVD., STE 610

A Employer identification number

95-4682685

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

LOS ANGELES, CA 90067

B Telephone number

310-551-9936

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

C If exemption application is pending, check here ►

H Check type of organization: Section 501(c)(3) exempt private foundation

D 1. Foreign organizations, check here ►

Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

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

I Fair market value of all assets at end of year **J Accounting method:** Cash Accrual
 (from Part II, col. (c), line 16) Other (specify) ► \$ 80,538,891. (Part I, column (d) must be on cash basis)

E If private foundation status was terminated under section 507(b)(1)(A), check here ► F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ►

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

		(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	2,842,425.		N/A	
	2 Check ► <input type="checkbox"/> if the foundation is not required to attach Sch B Interest on savings and temporary cash investments		77,048.		
	3 Dividends and interest from securities	283,798.	793,759.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10 Gross sales price for all assets on line 6a	905,515.			STATEMENT 1
	7 Capital gain net income (from Part IV, line 2)		401,603.		
	8 Net short-term capital gain				
	9 Income modifications Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income		6,840.		
	12 Total. Add lines 1 through 11	4,031,738.	1,279,250.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees STMT 3	78,009.	39,004.		39,004.
	b Accounting fees STMT 4	89,420.	41,658.		41,658.
	c Other professional fees STMT 5	51,549.	319,363.		0.
	17 Interest				
	18 Taxes STMT 6	147,695.	26,821.		160.
	19 Depreciation and depletion				
	20 Occupancy	32,260.	16,130.		16,130.
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 7	54,106.	601.		601.
	24 Total operating and administrative expenses Add lines 13 through 23	453,039.	443,577.		97,553.
	25 Contributions, gifts, grants paid	2,442,830.			2,442,830.
	26 Total expenses and disbursements. Add lines 24 and 25	2,895,869.	443,577.		2,540,383.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	1,135,869.			
	b Net investment income (if negative, enter -0-)		835,673.		
	c Adjusted net income (if negative, enter -0-)			N/A	

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets <ul style="list-style-type: none"> 1 Cash - non-interest-bearing 2 Savings and temporary cash investments 3 Accounts receivable ► <ul style="list-style-type: none"> Less: allowance for doubtful accounts ► 4 Pledges receivable ► <ul style="list-style-type: none"> Less: allowance for doubtful accounts ► 5 Grants receivable 6 Receivables due from officers, directors, trustees, and other disqualified persons 7 Other notes and loans receivable ► <ul style="list-style-type: none"> Less: allowance for doubtful accounts ► 8 Inventories for sale or use 9 Prepaid expenses and deferred charges 10a Investments - U.S. and state government obligations <ul style="list-style-type: none"> b Investments - corporate stock STMT 9 c Investments - corporate bonds STMT 10 11 Investments - land, buildings, and equipment basis ► <ul style="list-style-type: none"> Less accumulated depreciation ► 12 Investments - mortgage loans 13 Investments - other <ul style="list-style-type: none"> STMT 11 14 Land, buildings, and equipment basis ► <ul style="list-style-type: none"> Less accumulated depreciation ► 15 Other assets (describe ► STATEMENT 12) 16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I) <ul style="list-style-type: none"> 78,902,777. 80,538,891. 					
Liabilities <ul style="list-style-type: none"> 17 Accounts payable and accrued expenses 18 Grants payable 19 Deferred revenue 20 Loans from officers, directors, trustees, and other disqualified persons 21 Mortgages and other notes payable 22 Other liabilities (describe ► STATEMENT 13) 23 Total liabilities (add lines 17 through 22) <ul style="list-style-type: none"> 97,680. 179,133. 					
Net Assets or Fund Balances <ul style="list-style-type: none"> Foundations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31. 24 Unrestricted 25 Temporarily restricted 26 Permanently restricted <ul style="list-style-type: none"> Foundations that do not follow SFAS 117, check here ► <input type="checkbox"/> 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 <ul style="list-style-type: none"> 78,805,097. 80,359,758. 31 Total liabilities and net assets/fund balances <ul style="list-style-type: none"> 78,902,777. 80,538,891. 					

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 78,805,097.
2 Enter amount from Part I, line 27a	2 1,135,869.
3 Other increases not included in line 2 (itemize) ► SEE STATEMENT 8	3 3,261,217.
4 Add lines 1, 2, and 3	4 83,202,183.
5 Decreases not included in line 2 (itemize) ► NET ASSETS RELEASED FROM RESTRICTION	5 2,842,425.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6 80,359,758.

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 NORTHERN TRUST PUBLICLY TRADED SECURITIES				
b FROM K-1		P		
c CAPITAL GAINS DIVIDENDS				
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 1,852,784.		1,477,048.		375,736.
b		468,560.		-468,560.
c 494,427.				494,427.
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				375,736.
b				-468,560.
c				494,427.
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	401,603.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6). If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8			3	N/A

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

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

 Yes No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part

1 Enter the appropriate amount in each column for each year, see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2015	2,354,701.	49,645,295.	.047430
2014	1,984,281.	47,692,493.	.041606
2013	1,838,644.	41,749,436.	.044040
2012	1,677,162.	36,612,080.	.045809
2011	1,337,974.	34,933,870.	.038300

2 Total of line 1, column (d)

2 .217185

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 .043437

4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5

4 49,360,769.

5 Multiply line 4 by line 3

5 2,144,084.

6 Enter 1% of net investment income (1% of Part I, line 27b)

6 8,357.

7 Add lines 5 and 6

7 2,152,441.

8 Enter qualifying distributions from Part XII, line 4

8 2,540,383.

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

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-)

3 Add lines 1 and 2

4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)

5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-

6 Credits/Payments:

a 2016 estimated tax payments and 2015 overpayment credited to 2016

6a 34,875.

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 34,875.

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 26,518.

11 Enter the amount of line 10 to be: Credited to 2017 estimated tax ►

11 0.

Part VII-A Statements Regarding Activities

1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?

Yes No

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for the definition)?

1a 1b 1c 1d 1e 1f 1g 1h 1i 1j 1k 1l 1m 1n 1o 1p 1q 1r 1s 1t 1u 1v 1w 1x 1y 1z 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao 1ap 1aq 1ar 1as 1at 1au 1av 1aw 1ax 1ay 1az 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao 1ap 1aq 1ar 1as 1at 1au 1av 1aw 1ax 1ay 1az 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao 1ap 1aq 1ar 1as 1at 1au 1av 1aw 1ax 1ay 1az 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao 1ap 1aq 1ar 1as 1at 1au 1av 1aw 1ax 1ay 1az 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao 1ap 1aq 1ar 1as 1at 1au 1av 1aw 1ax 1ay 1az 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao 1ap 1aq 1ar 1as 1at 1au 1av 1aw 1ax 1ay 1az 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao 1ap 1aq 1ar 1as 1at 1au 1av 1aw 1ax 1ay 1az 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao 1ap 1aq 1ar 1as 1at 1au 1av 1aw 1ax 1ay 1az 1aa 1ab 1ac 1ad 1ae 1af 1ag 1ah 1ai 1aj 1ak 1al 1am 1an 1ao

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
14	The books are in care of ► ANDERSEN TAX LLC Located at ► 400 SOUTH HOPE STREET, SUITE 1000, LOS ANGELES, C ZIP+4 ► 90071	Telephone no. ► 213-593-2300
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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ► N/A	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required		
File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		
1a	During the year did the foundation (either directly or indirectly):	
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
1b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ► N/A	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
1c	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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? If "Yes," list the years ► N/A	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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. ► N/A	
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2016 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2016)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

5a During the year did the foundation pay or incur any amount to:				
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly,				
· any voter registration drive?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
(4) Provide a grant to an organization other than a charitable, etc , organization described in section 4945(d)(4)(A)? (see instructions)	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	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?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	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)?			N/A	
Organizations relying on a current notice regarding disaster assistance check here			<input type="checkbox"/>	
c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?			N/A	
<i>If "Yes," attach the statement required by Regulations section 53.4945-5(d)</i>				
6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
<i>If "Yes" to 6b, file Form 8870</i>				
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?			N/A	

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
KATHLEEN L. MCCARTHY	TRUSTEE	0.	0.	0.
10100 SANTA MONICA BLVD., STE 610				
LOS ANGELES, CA 90067	1.00	0.	0.	0.

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

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

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

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

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
IRELL & MANELLA, LLP - 1800 AVENUE OF THE		
STARS, SUITE 900, LOS ANGELES, CA 90067	LEGAL SERVICES	78,009.
ANDERSEN TAX LLC - 400 SOUTH HOPE STREET,		
SUITE 1000, LOS ANGELES, CA 90071	ACCOUNTING AND TAX SERVICES	76,420.

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

1

0

Part IX-A: Summary of Direct Charitable Activities

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

Number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	
1	NONE
2	
3	
4	

Part IX-B Summary of Program-Related Investments

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

Amount

1	NONE	
2		0.

All other program-related investments. See instructions.

3 NONE

Total. Add lines 1 through 3

1

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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	40,138,836.
b Average of monthly cash balances	1b	3,442,291.
c Fair market value of all other assets	1c	6,531,329.
d Total (add lines 1a, b, and c)	1d	50,112,456.
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	0.
3 Subtract line 2 from line 1d	3	50,112,456.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	751,687.
5 Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	49,360,769.
6 Minimum investment return. Enter 5% of line 5	6	2,468,038.

Part XI Distributable Amount (see instructions) (Section 4942(i)(3) and (i)(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	2,468,038.
2a Tax on investment income for 2016 from Part VI, line 5	2a	8,357.
b Income tax for 2016. (This does not include the tax from Part VI.)	2b	49,362.
c Add lines 2a and 2b	2c	57,719.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	2,410,319.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	2,410,319.
6 Deduction from distributable amount (see instructions)	6	0.
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	2,410,319.

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	2,540,383.
b Program-related investments - total from Part IX-B	1b	0.
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	2,540,383.
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	5	8,357.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	2,532,026.

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				2,410,319.
2 Undistributed income, if any as of the end of 2016			2,206,956.	
a Enter amount for 2015 only				
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2016.				
a From 2011				
b From 2012				
c From 2013				
d From 2014				
e From 2015				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2016 from Part XII, line 4: ► \$ 2,540,383.			2,206,956.	
a Applied to 2015, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2016 distributable amount				333,427.
e Remaining amount distributed out of corpus				0.
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d) the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f 4c and 4e Subtract line 5	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed			0.	
d Subtract line 6c from line 6b. Taxable amount - see instructions			0.	
e Undistributed income for 2015. Subtract line 4a from line 2a. Taxable amount - see instr			0.	
f Undistributed income for 2016. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2017			0.	2,076,892.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)	0.			
8 Excess distributions carryover from 2011 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2012				
b Excess from 2013				
c Excess from 2014				
d Excess from 2015				
e Excess from 2016				

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

N/A

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).)

KATHLEEN L. MCCARTHY

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:

N/A

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

N/A

c Any submission deadlines

N/A

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

N/A

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 STATEMENT A	NONE	501(C)(3)	GENERAL	2,442,830.
Total			► 3a	2,442,830.
b Approved for future payment				
NONE				
Total			► 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

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

Schedule B(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

► Attach to Form 990, Form 990-EZ, or Form 990-PF.
► Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Name of the organization

KLM FOUNDATION

Employer identification number

95-4682685

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

 501(c)() (enter number) organization 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation 527 political organization

Form 990-PF

 501(c)(3) exempt private foundation 4947(a)(1) nonexempt charitable trust treated as a private foundation 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1 Complete Parts I and II

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals Complete Parts I, II, and III

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc , purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc , contributions totaling \$5,000 or more during the year

► \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990, or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

Name of organization

KLM FOUNDATION

Employer identification number

95-4682685

Part I **Contributors** (See instructions) Use duplicate copies of Part I if additional space is needed

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	KATHLEEN L. MCCARTHY CHARITABLE LEAD ANNUITY TRUST 10100 SANTA MONICA BLVD., STE 610 LOS ANGELES, CA 90067	\$ 2,469,166.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
2	LEAVEY CHARITABLE LEAD ANNUITY TRUST 10100 SANTA MONICA BLVD., STE 610 LOS ANGELES, CA 90067	\$ 373,259.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)

Name of organization

Employer identification number

KLM FOUNDATION

95-4682685

Part II Noncash Property (See instructions) Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	_____

Name of organization

Employer identification number

KLM FOUNDATION

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info once) ► \$ _____
Use duplicate copies of Part III if additional space is needed.

Use duplicate copies of Part III if additional space is needed

(a) No. from Part I				(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
				(e) Transfer of gift		
				Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
(a) No. from Part I				(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
				(e) Transfer of gift		
				Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
(a) No. from Part I				(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
				(e) Transfer of gift		
				Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

FORM 990-PF

GAIN OR (LOSS) FROM SALE OF ASSETS

STATEMENT 1

(A) DESCRIPTION OF PROPERTY		MANNER ACQUIRED		DATE ACQUIRED		DATE SOLD			
NORTHERN TRUST PUBLICLY TRADED SECURITIES									
(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS					
1,852,784.	1,441,696.	0.	0.	411,088.					
(A) DESCRIPTION OF PROPERTY				MANNER ACQUIRED		DATE ACQUIRED	DATE SOLD		
FROM K-1				PURCHASED					
(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) DEPREC.	(F) GAIN OR LOSS					
0.	0.	0.	0.	0.					
CAPITAL GAINS DIVIDENDS FROM PART IV				494,427.					
TOTAL TO FORM 990-PF, PART I, LINE 6A				905,515.					

FORM 990-PF

DIVIDENDS AND INTEREST FROM SECURITIES

STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
NORTHERN TRUST	778,225.	494,427.	283,798.	793,759.	
TO PART I, LINE 4	778,225.	494,427.	283,798.	793,759.	

FORM 990-PF

LEGAL FEES

STATEMENT

3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	78,009.	39,004.		39,004.
TO FM 990-PF, PG 1, LN 16A	78,009.	39,004.		39,004.

FORM 990-PF

ACCOUNTING FEES

STATEMENT

4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	89,420.	41,658.		41,658.
TO FORM 990-PF, PG 1, LN 16B	89,420.	41,658.		41,658.

FORM 990-PF

OTHER PROFESSIONAL FEES

STATEMENT

5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CUSTODIAN FEES	20,518.	11,100.		0.
INVESTMENT MANAGER FEES	31.	76,687.		0.
K-1 DEDUCTIONS	0.	200,576.		0.
INVESTMENT ADVISOR FEES	31,000.	31,000.		0.
TO FORM 990-PF, PG 1, LN 16C	51,549.	319,363.		0.

FORM 990-PF

TAXES

STATEMENT

6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL EXCISE TAXES	48,035.	0.		0.
TAXES AND LICENSES	160.	0.		160.
FOREIGN TAXES	0.	26,821.		0.
DEFERRED TAX PROVISION	99,500.	0.		0.
TO FORM 990-PF, PG 1, LN 18	147,695.	26,821.		160.

FORM 990-PF

OTHER EXPENSES

STATEMENT

7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISCELLANEOUS	52,904.	0.		0.
BANK CHARGES	1,202.	601.		601.
TO FORM 990-PF, PG 1, LN 23	54,106.	601.		601.

FORM 990-PF

OTHER INCREASES IN NET ASSETS OR FUND BALANCES

STATEMENT

8

DESCRIPTION	AMOUNT
UNREALIZED GAIN	2,283,025.
CHANGE IN FMV OF BENEFICIAL INTEREST	978,192.
TOTAL TO FORM 990-PF, PART III, LINE 3	3,261,217.

FORM 990-PF

CORPORATE STOCK

STATEMENT

9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
NORTHERN TRUST #2601329 - EQUITIES	21,781,093.	21,781,093.
NORTHERN TRUST #2647711 - SEE STMT	11,601,593.	11,601,593.
TOTAL TO FORM 990-PF, PART II, LINE 10B	33,382,686.	33,382,686.

FORM 990-PF

CORPORATE BONDS

STATEMENT 10

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
NORTHERN TRUST #2601329 - SEE STMT	9,121,008.	9,121,008.
TOTAL TO FORM 990-PF, PART II, LINE 10C	9,121,008.	9,121,008.

FORM 990-PF

OTHER INVESTMENTS

STATEMENT 11

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
NORTHERN TRUST #2601329 -	FMV		
COMMODITIES		633,196.	633,196.
PARTNERSHIP INVESTMENT - OCM HIGH	FMV		
YIELD PLUS		38,183.	38,183.
PARTNERSHIP INVESTMENT -	FMV		
ARCHIPELAGO		5,230,499.	5,230,499.
PARTNERSHIP INVESTMENT - OCM/GFI	FMV		
POWER		3,530.	3,530.
PARTNERSHIP INVESTMENT - OCM PRIN	FMV		
OPP FUND IV		221,727.	221,727.
PARTNERSHIP INVESTMENT - OCM OPP	FMV		
FUND VII		56,544.	56,544.
PARTNERSHIP INVESTMENT - OAKTREE	FMV		
POWER OPPS IV		873,725.	873,725.
TOTAL TO FORM 990-PF, PART II, LINE 13		7,057,404.	7,057,404.

FORM 990-PF

OTHER ASSETS

STATEMENT 12

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
DEPOSITS	3,385.	3,385.	3,385.
INTEREST & DIVIDEND RECEIVABLE	20,041.	22,039.	22,039.
BENEFICIAL INTEREST IN			
SPLIT-INTEREST AGREEMENT	29,328,606.	27,464,376.	27,464,376.
TO FORM 990-PF, PART II, LINE 15	29,352,032.	27,489,800.	27,489,800.

FORM 990-PF

OTHER LIABILITIES

STATEMENT 13

DESCRIPTION

DEFERRED TAX LIABILITY
DUE TO BROKER
UNRELATED BUSINESS INCOME TAX PAYABLE

TOTAL TO FORM 990-PF, PART II, LINE 22

	BOY AMOUNT	EOY AMOUNT
DEFERRED TAX LIABILITY	66,300.	168,300.
DUE TO BROKER	9,380.	10,833.
UNRELATED BUSINESS INCOME TAX PAYABLE	22,000.	0.
TOTAL TO FORM 990-PF, PART II, LINE 22	97,680.	179,133.