

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.
- Go to www.irs.gov/Form990PF for instructions and the latest information

For calendar year 2017 or tax year beginning

, 2017, and ending

Knapp Educational Fund, Inc.
P. O. Box 0
St. Michaels, MD 21663

G Check all that apply

<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change

H Check type of organization

<input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation	<input type="checkbox"/> Other taxable private foundation
<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust	<input type="checkbox"/> Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, column (c), line 16)

► \$ 5,355,920. (Part I, column (d) must be on cash basis)

J Accounting method

<input type="checkbox"/> Cash	<input checked="" type="checkbox"/> Accrual
<input type="checkbox"/> Other (specify)	

A Employer identification number
13-2970128

B Telephone number (see instructions)
410-745-5660

C If exemption application is pending, check here ► 6

D 1 Foreign organizations, check here ►

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

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

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

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)
1 Contributions, gifts, grants, etc., received (attach schedule)				
2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	7.	7.	N/A	
4 Dividends and interest from securities	159,856.	159,856.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	209,095.			
b Gross sales price for all assets on line 6a	799,335.			
7 Capital gain net income (from Part IV, line 2)		209,095.		
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	368,958.	368,958.		

13 Compensation of officers, directors, trustees, etc.	28,000.	RECEIVED	28,000.
14 Other employee salaries and wages			
15 Pension plans, employee benefits			
16a Legal fees (attach schedule) See St 1	441.		
b Accounting fees (attach sch) See St 2	4,850.	441.	4,850.
c Other professional fees (attach sch) See St 3	63,900.	2,425.	63,900.
17 Interest	57,400.		
18 Taxes (attach schedule)(see instrs) See Stmt 4	6,231.		
19 Depreciation (attach schedule) and depletion			
20 Occupancy			
21 Travel, conferences, and meetings			
22 Printing and publications			
23 Other expenses (attach schedule) See Statement 5	4,020.	686.	3,334.
24 Total operating and administrative expenses. Add lines 13 through 23	107,442.	60,511.	40,762.
25 Contributions, gifts, grants paid Part XV	214,510.		214,510.
26 Total expenses and disbursements. Add lines 24 and 25	321,952.	60,511.	255,272.

27 Subtract line 26 from line 12:			
a Excess of revenue over expenses and disbursements	47,006.		
b Net investment income (if negative, enter -0-)		308,447.	
c Adjusted net income (if negative, enter -0-)			

Part II Balance Sheets		Attached schedules and amounts in the description column should be end-of-year amounts only (See instructions)	Beginning of year	End of year
			(a) Book Value	(b) Book Value
ASSETS	1	Cash – non-interest-bearing	40,494.	45,449.
	2	Savings and temporary cash investments	1,188,053.	1,133,423.
	3	Accounts receivable	1,988.	
		Less: allowance for doubtful accounts	2,107.	1,988.
	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 sch)		
		Less allowance for doubtful accounts		
	8	Inventories for sale or use		
	9	Prepaid expenses and deferred charges	796.	
	10a	Investments – U.S. and state government obligations (attach schedule)	Statement 6	25,754.
	b	Investments – corporate stock (attach schedule)	Statement 7	1,159,764.
	c	Investments – corporate bonds (attach schedule)		1,181,283.
	11	Investments – land, buildings, and equipment basis		2,210,635.
		Less: accumulated depreciation (attach schedule)		
	12	Investments – mortgage loans		
	13	Investments – other (attach schedule)	Statement 8	1,696,589.
	14	Land, buildings, and equipment basis		1,776,755.
		Less: accumulated depreciation (attach schedule)		1,937,561.
	15	Other assets (describe)		
	16	Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)		4,113,557.
				4,164,652.
				5,355,920.
LIABILITIES	17	Accounts payable and accrued expenses	20,720.	21,840.
	18	Grants payable		
	19	Deferred revenue		
	20	Loans from officers, directors, trustees, & other disqualified persons		
	21	Mortgages and other notes payable (attach schedule)		
	22	Other liabilities (describe) <u>See Statement 9</u>		2,969.
	23	Total liabilities (add lines 17 through 22)	20,720.	24,809.
		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	1,511,981.	1,511,981.
	28	Paid-in or capital surplus, or land, bldg., and equipment fund		
	29	Retained earnings, accumulated income, endowment, or other funds	2,580,856.	2,627,862.
	30	Total net assets or fund balances (see instructions)	4,092,837.	4,139,843.
	31	Total liabilities and net assets/fund balances (see instructions)	4,113,557.	4,164,652.

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	4,092,837.
2	Enter amount from Part I, line 27a	2	47,006.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	4,139,843.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	4,139,843.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (for example, real estate, 2-story brick warehouse, or common stock, 200 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a See Statement 10				
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				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(i) Gains (Col. (h)) gain minus col. (k), but not less than -0- or Losses (from col. (h))
(i) FMV as of 12/31/69		(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
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	2 209,095.
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)			3 -3,604.
If gain, also enter in Part I, line 8, column (c) See instructions. If (loss), enter -0- in Part I, line 8				

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 doesn't 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))
2016	317,735.	5,255,750.	0.060455
2015	344,830.	5,290,175.	0.065183
2014	372,136.	5,593,194.	0.066534
2013	276,207.	5,437,068.	0.050801
2012	280,763.	5,365,630.	0.052326

2 Total of line 1, column (d)

3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5 0, or by the number of years the foundation has been in existence if less than 5 years

4 Enter the net value of noncharitable-use assets for 2017 from Part X, line 5

5 Multiply line 4 by line 3

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

7 Add lines 5 and 6

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.

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

1 a Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter 'N/A' on line 1	
Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instructions)	
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b	1 6,169.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)	
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only, others, enter -0-)	2 0.
3 Add lines 1 and 2	3 6,169.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)	4 0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5 6,169.
6 Credits/Payments	
a 2017 estimated tax pmts and 2016 overpayment credited to 2017	6a 3,200.
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 3,200.
8 Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> 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 2,969.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10
11 Enter the amount of line 10 to be. Credited to 2018 estimated tax ►	Refunded
	11

Part VII-A Statements Regarding Activities

1 a 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
1 a	X	
1 b	X	
1 c	X	
2	X	
3	X	
4 a	X	
4 b	N/A	
5	X	
6	X	
7	X	
8 b	X	
9	X	
10	X	

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

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?

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year

(1) On the foundation ► \$ 0. (2) On foundation managers ► \$ 0.

e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ 0.

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.

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

4 a 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?

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?

If 'Yes,' attach the statement required by General Instruction T

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? If 'Yes,' complete Part II, col (c), and Part XV

8 a Enter the states to which the foundation reports or with which it is registered. See instructions ►

DE MD

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

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 2017 or the tax year beginning in 2017? See the instructions for Part XIV. If 'Yes,' complete Part XIV

10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses

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
11		<input checked="" type="checkbox"/> X	
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement See instructions	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
12		<input checked="" type="checkbox"/> X	
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
13	N/A	<input checked="" type="checkbox"/> X	
14	The books are in care of ► Knapp Educational Fund, Inc. Located at ► PO Box 0 St. Michaels MD	Telephone no ► 410-745-5660 ZIP + 4 ► 21663	
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	N/A ► 15	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16	At any time during calendar year 2017, 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	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
16		<input checked="" type="checkbox"/> X	

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

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

1 a	During the year, did the foundation (either directly or indirectly)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	(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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	(6) Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b	If any answer is 'Yes' to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance? See instructions		
	Organizations relying on a current notice regarding disaster assistance, check here	► <input type="checkbox"/>	
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 2017?		
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 2017, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2017?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)		
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 __		
3 a	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 2017 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 2017.)		
3 b		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	N/A
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2017?		
4 b		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	X

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		0

Part IX-A Summary of Direct Charitable Activities

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

Expenses

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		0.
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BAA

Form 990-PF (2017)

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	4,121,311.
b Average of monthly cash balances	1b	1,197,300.
c Fair market value of all other assets (see instructions)	1c	2,446.
d Total (add lines 1a, b, and c)	1d	5,321,057.
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	5,321,057.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	79,816.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	5,241,241.
6 Minimum investment return. Enter 5% of line 5	6	262,062.

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	262,062.
2a Tax on investment income for 2017 from Part VI, line 5	2a	6,169.
b Income tax for 2017 (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	6,169.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	255,893.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	255,893.
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	255,893.

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	255,272.
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:	3a	
a Suitability test (prior IRS approval required)	3b	
b Cash distribution test (attach the required schedule)	4	255,272.
4 Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	5	
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	6	255,272.
6 Adjusted qualifying distributions. Subtract line 5 from line 4		

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 2016	(c) 2016	(d) 2017
1 Distributable amount for 2017 from Part XI, line 7				255,893.
2 Undistributed income, if any, as of the end of 2017:			0.	
a Enter amount for 2016 only		0.		
b Total for prior years: 20 <u> </u> , 20 <u> </u> , 20 <u> </u>				
3 Excess distributions carryover, if any, to 2017:				
a From 2012	17,024.			
b From 2013	8,248.			
c From 2014	96,534.			
d From 2015	86,887.			
e From 2016	60,555.			
f Total of lines 3a through e	269,248.			
4 Qualifying distributions for 2017 from Part XII, line 4 ► \$ <u> </u> 255,272.			0.	
a Applied to 2016, but not more than line 2a		0.		
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 2017 distributable amount	0.			255,272.
e Remaining amount distributed out of corpus				621.
5 Excess distributions carryover applied to 2017 (If an amount appears in column (d), the same amount must be shown in column (a))				621.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5	268,627.			
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 2016. Subtract line 4a from line 2a Taxable amount – see instructions			0.	
f Undistributed income for 2017 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2018				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)	0.			
8 Excess distributions carryover from 2012 not applied on line 5 or line 7 (see instructions)	16,403.			
9 Excess distributions carryover to 2018. Subtract lines 7 and 8 from line 6a	252,224.			
10 Analysis of line 9				
a Excess from 2013	8,248.			
b Excess from 2014	96,534.			
c Excess from 2015	86,887.			
d Excess from 2016	60,555.			
e Excess from 2017				

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

N/A

1 a	If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2017, enter the date of the ruling				►
2 a	Check box to indicate whether the foundation is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)				
2 a	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. to individuals or organizations under other conditions, complete items 2a, b, c, and d. See instructions.

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

See Statement 11

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

See Statement for Line 2a

c Any submission deadlines:

See Statement for Line 2a

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

See Statement for Line 2a

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<i>a Paid during the year</i>				
See Statement 12				
Total			► 3a	214,510.
<i>b Approved for future payment</i>				
Total			► 3b	

Part XVI-A: Analysis of Income-Producing Activities

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) Exclu- sion code	
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	7.
4	Dividends and interest from securities			14	159,856.
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			18	209,095.
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)				368,958.
13	Total. Add line 12, columns (b), (d), and (e)				368,958.

(See worksheet in line 13 instructions to verify calculations)

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

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

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
- (2) Other assets

b Other transactions

- (1) Sales of assets to a noncharitable exempt organization**
- (2) Purchases of assets from a noncharitable exempt organization**
- (3) Rental of facilities, equipment, or other assets**
- (4) Reimbursement arrangements**
- (5) Loans or loan guarantees**
- (6) Performance of services or membership or fundraising solicitations**

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

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

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
N/A			

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
N/A		

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.

Sign
Here


Signature of officer or trustee

15.10.18

Date _____

President
Title

Title

May the IRS discuss
this return with the
preparer shown below?
See instructions.

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	Jacqueline K Lorsong	<i>Jacqueline K Lorsong</i>	5/09/18		P00060761
	Firm's name	Jacqueline K. Lorsong, CPA			Firm's EIN ► 52-1965935
	Firm's address	13890 Rover Mill Road West Friendship, MD 21794-9741			Phone no 301-854-5003

BAA

Form 990-PF (2017)

Knapp Educational Fund, Inc.

13-2970128

Statement 1
Form 990-PF, Part I, Line 16a
Legal Fees

	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Corporation Service Company	\$ 441.			\$ 441.
Total	<u>\$ 441.</u>	<u>\$ 0.</u>		<u>\$ 441.</u>

Statement 2
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Jacqueline Lorsong, CPA	\$ 4,850.	\$ 2,425.		\$ 2,425.
Total	<u>\$ 4,850.</u>	<u>\$ 2,425.</u>		<u>\$ 2,425.</u>

Statement 3
Form 990-PF, Part I, Line 16c
Other Professional Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Capra Enterprises, Inc.-Investment mgmt	\$ 57,400.	\$ 57,400.		
Knapp Foundation-grant assistance	6,500.			\$ 6,500.
Total	<u>\$ 63,900.</u>	<u>\$ 57,400.</u>		<u>\$ 6,500.</u>

Statement 4
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
DE franchise fee	\$ 62.			\$ 62.
U S Excise tax-Form 990PF	6,169.			
Total	<u>\$ 6,231.</u>	<u>\$ 0.</u>		<u>\$ 62.</u>

Knapp Educational Fund, Inc.

13-2970128

Statement 5
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Bank charges	\$ 287.			\$ 287.
Insurance	2,641.			2,641.
Investment fees	686.	\$ 686.		
Postage	406.			406.
Total	<u>\$ 4,020.</u>	<u>\$ 686.</u>		<u>\$ 3,334.</u>

Statement 6
Form 990-PF, Part II, Line 10a
Investments - U.S. and State Government Obligations

<u>State/Municipal Obligations</u>	Valuation Method	Book Value	Fair Market Value
25000 Metropolitan Nashville Arpt Auth	Cost	\$ 25,754.	\$ 26,864.
	Total	<u>\$ 25,754.</u>	<u>\$ 26,864.</u>

Statement 7
Form 990-PF, Part II, Line 10b
Investments - Corporate Stocks

<u>Corporate Stocks</u>	Valuation Method	Book Value	Fair Market Value
4798 Coca Cola	Cost	\$ 18,909.	\$ 220,132.
1475 Exxon Mobil	Cost	5,735.	123,369.
1200 Nextra Energy Corp	Cost	13,621.	187,428.
1837 Chevron Corporation	Cost	156,364.	229,974.
4124 Pfizer, Inc.	Cost	77,027.	149,371.
391.25 NCR Corporation	Cost	0.	13,299.
2670 Altria Group Inc	Cost	49,521.	190,665.
4132 Verizon Communications	Cost	175,667.	218,707.
6182 AT&T Inc	Cost	222,777.	240,356.
2209 Abbvie Inc	Cost	43,238.	213,632.
3205 General Electric	Cost	75,699.	55,927.
3322 Healthcare Realty Trust	Cost	91,365.	106,703.
1431 Merck & Co	Cost	71,143.	80,522.
4000 Allstate Corp Leopards	Cost	100,004.	106,400.
712 Kinder Morgan Inc	Cost	29,573.	12,866.
833 American Electric Power Company Inc	Cost	50,640.	61,284.
	Total	<u>\$ 1,181,283.</u>	<u>\$ 2,210,635.</u>

Statement 8
Form 990-PF, Part II, Line 13
Investments - Other

	Valuation Method	Book Value	Fair Market Value
<u>Other Publicly Traded Securities</u>			
19802 Putnam Diversified Income Trust Fu	Cost	\$ 152,733.	\$ 139,803.
1480 iShares Tr Dow Jones US Utils Secto	Cost	110,915.	196,648.
2155 iShares Tr Dow Jones U S Real Estat	Cost	148,030.	174,577.
4425 iShares Tr S&P U S Pfd Stk	Cost	157,461.	168,460.
151 Advisors Disciplined Tr Unit 541	Cost	146,849.	141,570.
100 Advisors Disciplined Tr Unit 648	Cost	85,641.	83,917.
285 SPDR S&P 500 ETF	Cost	40,361.	76,055.
10016 Advisors Disciplines Tr Unit 1394	Cost	0.	0.
19565 Advisors Disciplined Tr Unit 1627	Cost	186,374.	184,889.
22574 Advisors Disciplined Tr Unit 1705	Cost	0.	0.
15720 Advisors Disciplined Tr Unit 1719	Cost	147,480.	166,003.
1175 iShares Tr 1-3 Yr Treas Bd ETF	Cost	100,905.	98,524.
945 iShares Tr 1-3 Yr Crp Bd ETF	Cost	100,923.	98,790.
9209 Advisors Disciplined Tr Unit 1778 R	Cost	94,605.	92,735.
25174 Adv Disciplined Tr Unit 1830 Dow	Cost	254,480.	263,068.
1162 iShares Mortgage RE Capped ETF	Cost	49,998.	52,522.
Total		<u>\$ 1,776,755.</u>	<u>\$ 1,937,561.</u>

Statement 9
Form 990-PF, Part II, Line 22
Other Liabilities

Excise tax payable	\$ 2,969.
Total <u>\$ 2,969.</u>	

Statement 10
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
1	1600 Altria Group Inc	Purchased	6/29/2017	7/14/2017
2	1400 Altria Group Inc	Purchased	6/29/2017	7/14/2017
3	10016 Adv Disc Tr Unit 1394	Purchased	4/06/2015	3/23/2017
4	22574 Adv Disc Tr Unit 1705	Purchased	9/15/2016	11/22/2017
5	760 Altria Group Inc	Purchased	8/08/2008	7/14/2017
6	1510 Altria Group Inc	Purchased	11/17/2008	7/14/2017
7	730 Altria Group Inc	Purchased	2/20/2009	7/14/2017
8	Liquidation Kinder Morgan Energy Partners LP	Purchased	4/24/2013	6/27/2017
9	Capital Gain Dividends			

Knapp Educational Fund, Inc.

13-2970128

Statement 10 (continued)
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(e) Gross Sales	(f) Deprec. Allowed	(g) Cost Basis	(h) Gain (Loss)	(i) FMV 12/31/69	(j) Adj. Bas. 12/31/69	(k) Excess (i) - (j)	(l) Gain (Loss)
1	118,443.		120,366.	-1,923.				\$ -1,923.
2	103,640.		105,321.	-1,681.				-1,681.
3	95,557.		92,749.	2,808.				2,808.
4	254,477.		218,886.	35,591.				35,591.
5	56,262.		16,152.	40,110.				40,110.
6	111,783.		25,172.	86,611.				86,611.
7	54,041.		11,594.	42,447.				42,447.
8	21.		0.	21.				21.
9								5,111.
							Total	\$ 209,095.

Statement 11
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

✓

Name of Grant Program:
 Name: Ruth Capranica
 Care Of:
 Street Address: PO Box 0
 City, State, Zip Code: St. Michaels, MD 21663
 Telephone: 410-745-5660
 E-Mail Address:
 Form and Content: Detailed letter
 Submission Deadlines: None
 Restrictions on Awards: None

✓

Statement 12
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found- ation Status	Purpose of Grant	Amount
South Dorchester High School 2475 Cambridge Bypass Cambridge MD 21613	None		Student scholarship program	\$ 13,750.
Currituck County High School 4203 Caratoke Highway Barco NC 27917	None		Student scholarship program	25,700.

Statement 12 (continued)
 Form 990-PF, Part XV, Line 3a
 Recipient Paid During the Year

✓

Name and Address	Donee Relationship	Found- ation Status	Purpose of Grant	Amount
Easton High School 723 Mecklenburg Avenue Easton MD 21601	None		Student scholarship program	\$ 21,648.
Kent Island High School 900 Love Point Road Stevensville MD 21666	None		Student scholarship program	17,500.
North Dorchester High School 5875 Cloverdale Road Hurlock MD 21643	None		Student scholarship program	19,500.
Queen Anne County High School 125 Ruthsburg Road Centreville MD 21617	None		Student scholarship program	26,000.
St. Michaels High School 200 Seymour Avenue St. Michaels MD 21663	None		Student scholarship program	10,779.
Talbot County Public Schools 12 Magnolia Street Easton MD 21601	None		One Time Restricted Grant Equipment	6,486.
Colonel Richardson High School 25320 Richardson Road Federalsburg MD 21632	None		Student scholarship program	17,500.
Crisfield High School 210 N Somerset Avenue Crisfield MD 21817	None		Student scholarship program	9,056.
North Caroline High School 10990 River Road Ridgely MD 21660	None		Student scholarship program	23,091.
Washington High School 10902 Old Princess Anne Road Princess Anne MD 21853	None		Student scholarship program	8,500.
MD State Police Alumni Association 1750 S Plantation Drive Dunkirk MD 20754	None		One Time Restricted Grant Equipment Acquisition	15,000.

Total \$ 214,510.