

Form **990-PF**



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

OMB No 1545-0052

2017

Department of the Treasury
Internal Revenue Service

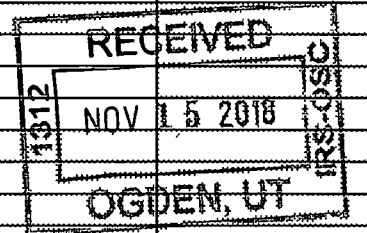
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Open to Public Inspection

For calendar year 2017 or tax year beginning , and ending

Name of foundation THE VARNEY FOUNDATION		A Employer identification number 62-1811033
Number and street (or P O box number if mail is not delivered to street address) PO BOX 140260	Room/suite	B Telephone number (see instructions) 615-883-8881
City or town, state or province, country, and ZIP or foreign postal code NASHVILLE TN 37214		C If exemption application is pending, check here <input type="checkbox"/>
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		D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 2,112,777	J Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	44,378	44,378		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	109,646			
	b Gross sales price for all assets on line 6a 399,295				
	7 Capital gain net income (from Part IV, line 2)		109,646		
	8 Net short-term capital gain			0	
	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) STMT 1	20,600				
12 Total. Add lines 1 through 11	174,624	154,024	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	3,900	3,900		
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule) STMT 2	5,500	5,500		
	c Other professional fees (attach schedule)				
	17 Interest	72	72		
	18 Taxes (attach schedule) (see instructions) STMT 3	1,397	693		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	4,049			4,049
	22 Printing and publications				
	23 Other expenses (att sch) STMT 4	3,511	3,511		
	24 Total operating and administrative expenses. Add lines 13 through 23	18,429	13,676	0	4,049
25 Contributions, gifts, grants paid	160,209			160,209	
26 Total expenses and disbursements. Add lines 24 and 25	178,638	13,676	0	164,258	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-4,014				
b Net investment income (if negative, enter -0-)		140,348			
c Adjusted net income (if negative, enter -0-)			0		



SCANNED JAN 30 2019 Operating and Administrative Expenses

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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash – non-interest-bearing	11,108	19,962	19,962
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (att schedule) ▶ Less allowance for doubtful accounts ▶	0		
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments – U S and state government obligations (attach schedule)			
	b Investments – corporate stock (attach schedule) SEE STMT 5	1,031,029	975,252	1,266,071
	c Investments – corporate bonds (attach schedule) SEE STMT 6	782,104	825,899	826,744
	11 Investments – land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶			
	12 Investments – mortgage loans			
	13 Investments – other (attach schedule)			
	14 Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶			
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)	1,824,241	1,821,113	2,112,777	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)	0	0		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>			
	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	1,824,241	1,821,113	
30 Total net assets or fund balances (see instructions)	1,824,241	1,821,113		
31 Total liabilities and net assets/fund balances (see instructions)	1,824,241	1,821,113		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year – Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,824,241
2 Enter amount from Part I, line 27a	2	-4,014
3 Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 7	3	886
4 Add lines 1, 2, and 3	4	1,821,113
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	1,821,113

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 shs MLC Co)		(b) How acquired P – Purchase D – Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a - SEE WORKSHEET				
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				(l) 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]		2 109,646
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) See instructions If (loss), enter -0- in Part I, line 8		[]		3

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

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

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

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

Yes No

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

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	163,424	1,940,929	0.084199
2015	165,505	1,971,522	0.083948
2014	162,502	2,064,201	0.078724
2013	125,202	1,931,374	0.064825
2012	119,152	1,790,863	0.066533
2 Total of line 1, column (d)			2 0.378229
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			3 0.075646
4 Enter the net value of noncharitable-use assets for 2017 from Part X, line 5			4 2,033,952
5 Multiply line 4 by line 3			5 153,860
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 1,403
7 Add lines 5 and 6			7 155,263
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions			8 164,258

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	1,403
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	1,403
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	1,403
6	Credits/Payments		
a	2017 estimated tax payments and 2016 overpayment credited to 2017	6a	
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	1,414
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments Add lines 6a through 6d	7	1,414
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	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	11
11	Enter the amount of line 10 to be Credited to 2018 estimated tax 11 Refunded	11	

Part VII-A Statements Regarding Activities

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

N/A

Part VII-A Statements Regarding Activities (continued)

		Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. See instructions.		<input checked="" type="checkbox"/>
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 checked="" type="checkbox"/>
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	<input checked="" type="checkbox"/>	
14	The books are in care of ▶ E.C. HARDISON, III P.O. BOX 140260 Located at ▶ NASHVILLE TN ZIP+4 ▶ 37214 Telephone no ▶ 615-883-8881		
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		
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 checked="" type="checkbox"/>

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

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

		Yes	No
1a	During the year, did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance? See instructions. Organizations relying on a current notice regarding disaster assistance, check here. N/A ▶ <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? N/A		
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.) N/A		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20 , 20 , 20 , 20		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <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.) N/A		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		<input checked="" type="checkbox"/>
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?		<input checked="" type="checkbox"/>

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

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? See instructions Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance? See instructions Organizations relying on a current notice regarding disaster assistance, check here **N/A** **5b**

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? **N/A** Yes No If "Yes," attach the statement required by Regulations section 53.4945–5(d)

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No **6b** **X**

If "Yes" to 6b, file Form 8870

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

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **N/A** **7b**

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

1 List all officers, directors, trustees, and 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
E. C. HARDISON, III P. O. BOX 140260 NASHVILLE TN 37214	DIRECTOR 2.00	1,300	0	0
JANE HALE-VARNEY P. O. BOX 140260 NASHVILLE TN 37214	DIRECTOR 2.00	1,300	0	0
WILLIAM W GIBSON P. O. BOX 140260 NASHVILLE TN 37214	DIRECTOR 2.00	1,300	0	0

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

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

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

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

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services		▶

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount	
1 N/A		
2		
All other program-related investments. See instructions		
3		
Total. Add lines 1 through 3		▶

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	2,021,063
b	Average of monthly cash balances	1b	43,863
c	Fair market value of all other assets (see instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	2,064,926
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	2,064,926
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	30,974
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,033,952
6	Minimum investment return. Enter 5% of line 5	6	101,698

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	101,698
2a	Tax on investment income for 2017 from Part VI, line 5	2a	1,403
b	Income tax for 2017 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,403
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	100,295
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	100,295
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	100,295

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	164,258
b	Program-related investments – total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	164,258
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	1,403
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	162,855

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				100,295
2 Undistributed income, if any, as of the end of 2017				
a Enter amount for 2016 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2017				
a From 2012				30,417
b From 2013				37,406
c From 2014				172,782
d From 2015				69,777
e From 2016				66,378
f Total of lines 3a through e	376,760			
4 Qualifying distributions for 2017 from Part XII, line 4 ▶ \$ 164,258				
a Applied to 2016, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions)				
c Treated as distributions out of corpus (Election required – see instructions)				
d Applied to 2017 distributable amount				100,295
e Remaining amount distributed out of corpus	63,963			
5 Excess distributions carryover applied to 2017 (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	440,723			
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 2016 Subtract line 4a from line 2a Taxable amount – see instructions				
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)				
8 Excess distributions carryover from 2012 not applied on line 5 or line 7 (see instructions)	30,417			
9 Excess distributions carryover to 2018. Subtract lines 7 and 8 from line 6a	410,306			
10 Analysis of line 9				
a Excess from 2013				37,406
b Excess from 2014				172,782
c Excess from 2015				69,777
d Excess from 2016				66,378
e Excess from 2017				63,963

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 2017, enter the date of the ruling ▶

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

	Tax year				(e) Total
	(a) 2017	(b) 2016	Prior 3 years		
			(c) 2015	(d) 2014	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test – enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test – enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))
N/A

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
N/A

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
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	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)				
<p>a <i>Paid during the year</i> JIM VARNEY SCHOLARSHIP FUND 10920 WILSHIRE BLVD LOS ANGELES CA 90024</p>		<p>PC EDUCATIONAL SCHOLARSHIP</p>		<p>160,209</p>
<p>Total</p>	<p>▶ 3a</p>			<p>160,209</p>
<p>b <i>Approved for future payment</i> N/A</p>				
<p>Total</p>	<p>▶ 3b</p>			

Federal Statements**Taxable Dividends from Securities**

<u>Description</u>	<u>Amount</u>	<u>Unrelated Business Code</u>	<u>Exclusion Code</u>	<u>Postal Code</u>	<u>US Obs (\$ or %)</u>
WELLS FARGO DIV - 5759-8958	\$ 10,190			14	
WELLS FARGO INT - 5759-8958	27,303			14	
WELLS FARGO OID - 5759-8958	6,885			14	
TOTAL	\$ <u>44,378</u>				

Form 990-PF	Capital Gains and Losses for Tax on Investment Income	2017
For calendar year 2017, or tax year beginning _____, and ending _____		

Name **THE VARNEY FOUNDATION** Employer Identification Number **62-1811033**

(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.)
(1) LAWRENCE TWP IN MET SCH 165000SH	P	05/18/17	07/17/17
(2) AMCAP FUND INC CL A 681.896 SH	P	05/30/13	04/27/17
(3) CAP WORLD GROWTH & INC 417.973 SH	P	05/30/13	04/27/17
(4) NEW ECON FUND CL SBI CL A 488.998 SH	P	05/30/13	04/27/17
(5) NEW PERSPECTIVE FD A 503.398 SH	P	05/30/13	04/27/17
(6) NEW WORLD FUND CLASS A 340.89 SH	P	05/30/13	04/27/17
(7) EUROPACIFIC GROWTH FD CL A 670.064SH	P	04/25/02	04/27/17
(8) FUNDAMENTAL INVS INC CL A 340.716 SH	P	08/20/02	04/27/17
(9) SMALLCAP WORLD FD A 389.94 SH	P	04/25/02	04/27/17
(10) WELLS FARGO CG - 8958			
(11)			
(12)			
(13)			
(14)			
(15)			

(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)
(1) 165,000		165,000	
(2) 19,991		17,313	2,678
(3) 19,991		17,300	2,691
(4) 19,991		16,396	3,595
(5) 19,991		17,654	2,337
(6) 19,991		19,322	669
(7) 34,982		18,313	16,669
(8) 19,991		9,281	10,710
(9) 19,991		9,070	10,921
(10) 59,376			59,376
(11)			
(12)			
(13)			
(14)			
(15)			

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	
(1)			
(2)			2,678
(3)			2,691
(4)			3,595
(5)			2,337
(6)			669
(7)			16,669
(8)			10,710
(9)			10,921
(10)			59,376
(11)			
(12)			
(13)			
(14)			
(15)			

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
ACTING RESIDUALS DEC'D ACTOR	\$ 20,600	\$	\$
TOTAL	<u>\$ 20,600</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
ACCOUNTING FEES	\$ 5,500	\$ 5,500	\$	\$
TOTAL	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ 0</u>	<u>\$ 0</u>

Statement 3 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
NET INVESTMENT 4940 TAX	\$ 1,397	\$ 693	\$	\$
FOREIGN TAX	<u>\$ 1,397</u>	<u>\$ 693</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL				

Federal Statements

Statement 4 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
EXPENSES	\$		\$	\$
DIRECTOR'S LIABILITY INSURANC	1,108	1,108		
ASSOCIATION OF SMALL FOUNDATI	750	750		
STORAGE	1,617	1,617		
POSTAGE	16	16		
ANNUAL REPORT	20	20		
TOTAL	3,511	3,511	0	0

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
AMCAP	\$ 146,630	\$ 137,738	MARKET	\$ 163,632
CAPITAL WORLD GROWTH AND INCOME	131,443	123,718	MARKET	148,859
EURO PACIFIC GROWTH FUND	110,719	98,989	MARKET	139,884
FUNDAMENTAL INVESTORS INCOME FUND	125,029	129,951	MARKET	194,500
NEW PERSPECTIVE FUND	127,353	117,042	MARKET	140,918
NEW ECONOMY FUND	141,646	138,674	MARKET	175,428
SMALL CAP WORLD FUND, INC	104,068	101,515	MARKET	152,034
NEW WORLD CLASS A	144,141	127,625	MARKET	150,816
TOTAL	1,031,029	975,252		1,266,071

Statement 6 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
KENTUCKY ECON DFA NOTES	\$ 99,986	\$ 99,986	MARKET	\$ 99,996
NORTH VERMILLION INDIANA	100,007	100,006	MARKET	98,902
COVINGTON KENTUCKY REFUNDING	59,818	59,819	MARKET	59,026
NORTH MANCHESTER INDIANA	50,008	50,007	MARKET	48,702
ROSEMONT ILL REFUNDING	25,548	25,364	MARKET	25,156

Federal Statements

Statement 6 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
EVANSVILLE CITY	\$ 36,769	\$ 35,736	MARKET	\$ 35,203
PALM BAY SPL OBLIG	38,945	39,714	MARKET	39,990
INDIANA BD BK REV.	60,821	60,685	MARKET	62,194
UNIVERSITY OF NORTH ALABAMA	54,986	53,750	MARKET	55,759
LAWRENCE, IN WATERWORKS BONDS	89,556	89,556	MARKET	90,065
WILLIAMSON COUNTY ILLINOIS	38,906	41,476	MARKET	43,576
EVERGREEN PARK ILLINOIS	51,027	50,915	MARKET	50,867
OHIO COUNTY WV COMMON SPL	75,727	75,401	MARKET	75,394
RICHLAND BEAN BLOSSOM INDIANA		43,484	MARKET	41,914
TOTAL	\$ 782,104	\$ 825,899		\$ 826,744

Federal Statements

Statement 7 - Form 990-PF, Part III, Line 3 - Other Increases

<u>Description</u>	<u>Amount</u>
PRIOR TAX BASIS ADJUSTMENT	\$ 886
TOTAL	\$ 886

Underdistribution and Excess Distributions for Part XIIIForm **990-PF****2017**

For calendar year 2017, or tax year beginning , ending

Name

THE VARNEY FOUNDATIONEmployer Identification Number
62-1811033**Undistributed Income Carryovers**

Form 990-PF, Part XIII

Tax Year	Prior Undistributed Income			Current Year Decreases	Next Year Carryover	
	Nontaxable or Previously Taxed	Taxable in 2017	Total per Year		Nontaxable or Previously Taxed	Taxable in 2018
Years prior						
20 13						
20 14						
20 15						
2016						
2017			100,295	100,295		
Total Carryover to Next Year						0

* Carryover amount includes 4942(a) amounts

Excess Distribution Carryovers

Form 990-PF, Part XIII

	Current Year	Next Year
Preceding Tax Year Excess Distributions	Decreases	Carryover
2012 30,417	30,417	
2013 37,406		37,406
2014 172,782		172,782
2015 69,777		69,777
2016 66,378		66,378
Current Year Excess Distribution Generated (2017)		63,963
Total Carryover to Next Year		410,306