

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

2011

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury
Internal Revenue Service

For calendar year 2011 or other tax year beginning _____, 2011, and ending _____, 20____. See separate instructions.

A Check box if address changed

B Exempt under section
 501(c)(3)
 408(e) 220(e)
 408A 530(a)
 529(a)

Name of organization (Check box if name changed and see instructions.)
KSER FOUNDATION

Number, street, and room or suite no. If a P.O. box, see instructions.
2623 WETMORE AVENUE

City or town, state, and ZIP code
EVERETT, WA 98201

D Employer identification number (Employees' trust, see instructions.)
91-1642834

E Unrelated business activity codes (See instructions.)
531190

C Book value of all assets at end of year
\$389,959

F Group exemption number (See instructions.)

G Check organization type 501(c) corporation 501(c) trust 401(a) trust Other trust

H Describe the organization's primary unrelated business activity. **LEASE TOWER SPACE TO CELL PHONE COMPANIES**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No
 If "Yes," enter the name and identifying number of the parent corporation.

J The books are in care of **JOHN THIELKE, TREASURER** Telephone number **(425) 303-9070**

Part I Unrelated Trade or Business Income		(A) Income		(B) Expenses		(C) Net	
1a	Gross receipts or sales						
b	Less returns and allowances						
c	Balance						
2	Cost of goods sold (Schedule A, line 7)						
3	Gross profit. Subtract line 2 from line 1c						
4a	Capital gain net income (attach Schedule D)						
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)						
c	Capital loss deduction for trusts						
5	Income (loss) from partnerships and S corporations (attach statement)						
6	Rent income (Schedule C)	90,368	00	43,213	00	47,155	00
7	Unrelated debt-financed income (Schedule E)						
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)						
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)						
10	Exploited exempt activity income (Schedule I)						
11	Advertising income (Schedule J)						
12	Other income (See instructions; attach schedule.)						
13	Total. Combine lines 3 through 12	90,368	00	43,213	00	47,155	00

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)					
14	Compensation of officers, directors, and trustees (Schedule K)				
15	Salaries and wages				
16	Repairs and maintenance				
17	Bad debts				
18	Interest (attach schedule)				
19	Taxes and licenses				
20	Charitable contributions (See instructions for limitation rules.)				
21	Depreciation (attach Form 4562)				
22	Less depreciation claimed on Schedule A and elsewhere on return				
23	Depletion				
24	Contributions to deferred compensation plans				
25	Employee benefit programs				
26	Excess exempt expenses (Schedule I)				
27	Excess readership costs (Schedule J)				
28	Other deductions (attach schedule)				
29	Total deductions. Add lines 14 through 28				
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13			47,155	00
31	Net operating loss deduction (limited to the amount on line 30)				
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30			47,155	00
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)			1,000	00
34	Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			46,155	00

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and:			
a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):			
(1) \$ <u>46,155</u> <u>00</u> (2) \$ <u>-0-</u> (3) \$ <u>-0-</u>			
b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750)	\$		
(2) Additional 3% tax (not more than \$100,000)	\$		
c Income tax on the amount on line 34		35c	6,923 00
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)		36	
37 Proxy tax. See instructions		37	
38 Alternative minimum tax		38	
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies		39	6,923 00

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a			
b Other credits (see instructions)	40b			
c General business credit. Attach Form 3800 (see instructions)	40c			
d Credit for prior year minimum tax (attach Form 8801 or 8827)	40d			
e Total credits. Add lines 40a through 40d		40e		
41 Subtract line 40e from line 39		41	6,923 00	
42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)		42		
43 Total tax. Add lines 41 and 42		43	6,923 00	
44a Payments: A 2010 overpayment credited to 2011	44a			
b 2011 estimated tax payments	44b	7,451	00	
c Tax deposited with Form 8868	44c			
d Foreign organizations: Tax paid or withheld at source (see instructions)	44d			
e Backup withholding (see instructions)	44e			
f Credit for small employer health insurance premiums (Attach Form 8941)	44f	2,311	00	
g Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other Total	44g			
45 Total payments. Add lines 44a through 44g		45	9,762 00	
46 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>		46		
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed		47		
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid		48	2,839 00	
49 Enter the amount of line 48 you want: Credited to 2012 estimated tax <u>2,839</u> <u>00</u> Refunded		49		

Part V Statements Regarding Certain Activities and Other Information (see instructions)

1 At any time during the 2011 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here	Yes	No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		✓
3 Enter the amount of tax-exempt interest received or accrued during the tax year \$ <u>-0-</u>		

Schedule A—Cost of Goods Sold. Enter method of inventory valuation

1 Inventory at beginning of year	1			6 Inventory at end of year	6		
2 Purchases	2			7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7		
3 Cost of labor	3			8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No	
4a Additional section 263A costs (attach schedule)	4a						
b Other costs (attach schedule)	4b						
5 Total. Add lines 1 through 4b	5						

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 _____ Date _____ **TREASURER** Title _____

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only Print/Type preparer's name _____ Preparer's signature _____ Date _____ Check if self-employed PTIN _____ Firm's name _____ Firm's EIN _____ Firm's address _____ Phone no. _____

Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)
(see instructions)

1. Description of property

(1) **BROADCAST TOWER LOCATED AT 14920 HYW 99, LYNNWOOD, WA 98037**

(2)
(3)
(4)

2. Rent received or accrued

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)	90,368	43,213
(2)		
(3)		
(4)		
Total	Total	
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶ 90,368		(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) ▶ 43,213

Schedule E—Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property		2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals ▶			Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).

Total dividends-received deductions included in column 8 ▶

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					
Nonexempt Controlled Organizations					
7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10	
(1)					
(2)					
(3)					
(4)					
Totals ▶			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).	

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals ▶		Enter here and on page 1, Part I, line 9, column (A).		Enter here and on page 1, Part I, line 9, column (B).

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals ▶		Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).			Enter here and on page 1, Part II, line 26.

Schedule J—Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5)) . . . ▶						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I		Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).			Enter here and on page 1, Part II, line 27.
Totals, Part II (lines 1-5) ▶						

Schedule K—Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1) N/A		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14 ▶			

Department of the Treasury
Internal Revenue Service

► Information about Form 8941 and its instructions is available at www.irs.gov/form8941.

► Attach to your tax return.

Attachment
Sequence No. **63**

Name(s) shown on return
KSER FOUNDATION

Identifying number
91-1642834

1	Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (see instructions)	1	5
2	Enter the number of full-time equivalent employees you had for the tax year (see instructions). If you entered 25 or more, skip lines 3 through 11 and enter -0- on line 12	2	4
3	Average annual wages you paid for the tax year (see instructions). If you entered \$50,000 or more, skip lines 4 through 11 and enter -0- on line 12	3	35,488
4	Premiums you paid during the tax year for employees included on line 1 for health insurance coverage under a qualifying arrangement (see instructions)	4	22,929
5	Premiums you would have entered on line 4 if the total premium for each employee equaled the average premium for the small group market in which you offered health insurance coverage (see instructions)	5	15,927
6	Enter the smaller of line 4 or line 5	6	15,927
7	Multiply line 6 by the applicable percentage: • Tax-exempt small employers, multiply line 6 by 25% (.25) • All other small employers, multiply line 6 by 35% (.35)	7	3,982
8	If line 2 is 10 or less, enter the amount from line 7. Otherwise, see instructions	8	3,982
9	If line 3 is \$25,000 or less, enter the amount from line 8. Otherwise, see instructions	9	2,311
10	Enter the total amount of any state premium subsidies paid and any state tax credits available to you for premiums included on line 4 (see instructions)	10	0
11	Subtract line 10 from line 4. If zero or less, enter -0-	11	22,929
12	Enter the smaller of line 9 or line 11	12	2,311
13	If line 12 is zero, skip lines 13 and 14 and go to line 15. Otherwise, enter the number of employees included on line 1 for whom you paid premiums during the tax year for health insurance coverage under a qualifying arrangement (see instructions)	13	2
14	Enter the number of full-time equivalent employees you would have entered on line 2 if you only included employees included on line 13	14	2
15	Credit for small employer health insurance premiums from partnerships, S corporations, cooperatives, estates, and trusts (see instructions)	15	0
16	Add lines 12 and 15. Cooperatives, estates, and trusts, go to line 17. Tax-exempt small employers, skip lines 17 and 18 and go to line 19. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, line 4h	16	2,311
17	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)	17	0
18	Cooperatives, estates, and trusts, subtract line 17 from line 16. Stop here and report this amount on Form 3800, line 4h	18	
19	Enter the amount you paid in 2011 for taxes considered payroll taxes for purposes of this credit (see instructions)	19	14,308
20	Tax-exempt small employers, enter the smaller of line 16 or line 19 here and on Form 990-T, line 44f.	20	2,311

KSER FOUNDATION
2623 WETMORE AVENUE
EVERETT, WA 98201

EIN: 91-1642834

2011 ITEMIZED TOWER INCOME AND EXPENSES

TOWER INCOME (RENTS)	90,368
TOWER EXPENSES	
MAINTENANCE	367
PARTS/EQUIPMENT	155
INSURANCE	4,873
REAL ESTATE TAXES	2,983
ELECTRICITY	3,073
TELEPHONE	523
MORTGAGE INTEREST	8,933
PROFESSIONAL FEES	1,500
ENGINEERING	4,964
WAGES (MANAGEMENT)	11,000
EMPLOYEEER EXPENSES	810
L&I AND EMP. SECURITY	64
EMPLOYEE BENEFITS	3,641
REIMBURSED MILEAGE	327
TOTAL EXPENSES	43,213