

FILMED JUN 11 1998

Form **990-PF**

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

OMB No. 1545-0052
1997

Department of the Treasury
Internal Revenue Service

Note: The organization may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 1997, or tax year beginning 1997, and ending 19

Use the IRS label.	Name of organization FAIRBANKS FOUNDATION, INC.	Room/suite 304	A Employer identification number 31-1189885
Otherwise, please print or type.	Number and street (or P.O. box number if mail is not delivered to street address) 9292 N. MERIDIAN ST.		B State registration number (see instruction F) 736290-00
See Specific Instructions.	City or town, state, and ZIP + 4 INDIANAPOLIS, IN 46260		C If exemption application is pending, check here <input type="checkbox"/>
			D 1. Foreign organizations, check here <input type="checkbox"/> 2. Organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
			E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
			F If the foundation is in a 60-month termination under section 5075(1)(B), check here <input type="checkbox"/>
			G If address changed, check here <input type="checkbox"/>

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of assets at end of year (from Part II, col. (c), line 16) **29,637,193** J Accounting method: Cash Accrual
 Other (specify)

(Part I, column (d) must be on cash basis.)

Part I Analysis of Revenue and Expenses		(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)	13,220,000	STMT 1		
	2 Contributions from split-interest trusts				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	713,516	713,516		
	5a Gross rents				
	b (Net rental income or (loss))				
	6 Net gain or (loss) from sale of assets not on line 10	1,003,986			
	7 Capital gain net income (from Part IV, line 2)		1,003,986		
	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	14,937,502	1,717,502			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	NONE			
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see page 12 of the instructions)	17,541			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	15,544	15,000		544
	24 Total operating and administrative expenses. Add lines 13 through 23	31,085	15,000		544
	25 Contributions, gifts, grants paid	109,000			109,000
26 Total expenses and disbursements. Add lines 24 and 25	142,085	15,000		109,544	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	14,795,417				
b Net investment income (if negative, enter -0-)		1,702,502			
c Adjusted net income (if negative, enter -0-)					

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	13,559.	16,454.	16,454.
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 page 14 of the instructions)			
7 Other notes and loans receivable (attach schedule) ▶			
Less: allowance for doubtful accounts ▶			
8 Inventories for sale or use			
9 Prepaid expenses and deferred charges			
10 a Investments - U.S. and state government obligations (attach schedule)			
b Investments - corporate stock (attach schedule)			
c Investments - corporate bonds (attach schedule)			
11 Investments - land, buildings, and equipment: basis ▶			
Less: accumulated depreciation (attach schedule) ▶			
12 Investments - mortgage loans			
13 Investments - other (attach schedule) . . . STMT, 4 . . .	13,916,870.	28,709,372.	29,621,239.
14 Land, buildings, and equipment: basis ▶			
Less: accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶)			
16 Total assets (to be completed by all filers - see page 15 of the instructions)	13,930,429.	28,725,826.	29,637,693.
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)			
Net Assets or Fund Balances			
Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
24 Unrestricted			
25 Temporarily restricted			
26 Permanently restricted			
Organizations 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	13,505,000.	26,725,000.	
28 Paid-in or capital surplus, or land, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds	425,409.	2,000,826.	
30 Total net assets or fund balances (see page 15 of the instructions)	13,930,409.	28,725,826.	
31 Total liabilities and net assets/fund balances (see page 15 of the instructions)	13,930,409.	28,725,826.	

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	13,930,409.
2 Enter amount from Part I, line 27a	2	14,795,417.
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	28,725,826.
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	28,725,826.

Part IV Capital Gains and Losses for Tax on Investment Income

(e) List and describe the kind(s) of property sold, (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co.)		(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a SEE PART IV SCHEDULE				
b				
c				
d				
e				
(e) Gross sales price minus expense of sale	(f) Depreciation allowed (or allowable)	(g) Cost or other basis	(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) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a				
b				
c				
d				
e				
2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7		2	1,003,986.
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 pages 11 and 16 of the instructions). If (loss), enter -0- in Part I, line 8	{ If gain, also enter in Part I, line 8, column (c) (see pages 11 and 16 of the 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 organization liable for the section 4942 tax on the distributable amount of any year in the base period? . . . Yes No
 If "Yes," the organization does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 16 of 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))
1996	55,052.	2,212,627.	0.02488083170
1995	51,941.	1,126,182.	0.04612131964
1994	51,968.	1,058,777.	0.04908304582
1993	4,039.	1,049,313.	0.00384918513
1992	377.	80,844.	0.00466330216

2 Total of line 1, column (d)	2	0.12859768445
3 Average distribution ratio for the 5-year base period-divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.02571953689
4 Enter the net value of noncharitable-use assets for 1997 from Part X, line 5	4	15,802,869.
5 Multiply line 4 by line 3	5	406,442.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	17,025.
7 Add lines 5 and 6	7	423,467.
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 on page 16.	8	109,544.

Part VI Exempt Tax on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 16 of the 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 letter: _____ (attach: copy of ruling letter if necessary - see instructions)		
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	34,050.
c	All other domestic organizations, enter 2% of line 27b. Exempt foreign organizations enter 4% of line 27b		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	34,050.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	NONE
5	Tax on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	34,050.
6	Credits/Payments:		
a	1997 estimated tax payments and 1996 overpayment credited to 1997	6a	10,000.
b	Exempt foreign organizations - tax withheld at source	6b	NONE
c	Tax paid with application for extension of time to file (Form 2758)	6c	NONE
d	Backup withholding error - wrongly withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	10,000.
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	24,050.
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 1998 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

	Yes	No
1 a		X
b		X
c		X
d		
e		
2		X
3		X
4 a		X
b		N/A
5		X
6	X	
7	X	
8 a		
b	X	
9		X
10		X
11 a		X
b		N/A
12		
13		

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

1 b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 17 of the instructions for definition)? **INDIANA**

1 c Did the organization file Form 1120-POL for this year?

1 d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:
(1) On the organization. **\$ NONE** (2) On organization managers. **\$**

1 e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. **\$**

2 Has the organization 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 organization 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 organization have unrelated business gross income of \$1,000 or more during the year?

4 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(c) (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 organization 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 page 17 of the instructions) **INDIANA**

8 b If the answer is "Yes" to line 7, has the organization 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 organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 1997 or the taxable year beginning in 1997 (see instructions for Part XIV on page 23)? *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.*

11 a Did anyone request to see either the organization's annual return or its exemption application (or both)?

11 b If "Yes," did the organization comply pursuant to the instructions? (See General Instruction Q.)

12 The books are in care of **LEONARD J BETLEY** Telephone no. **317-846-7111**
Located at **9292 N. MERIDIAN, #304, INDPLS., IN** ZIP code **46260**

13 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 **13**

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 Self-dealing (section 4941):

a During the year did the organization (either directly or indirectly):

- (1) Engage in the sale or exchange, or leasing of property with a disqualified person?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(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)?
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)

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 page 18 of the instructions)?

c Did the organization 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 1997?

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

a At the end of the tax year 1997, did the organization have any undistributed income (lines 5d and 6a, Part XIII) for tax year(s) beginning before 1997? If "Yes," list the years

b Are there any years listed in 2a for which the organization 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 page 18 of the 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.

3 Taxes on excess business holdings (section 4943):

a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?

b If "Yes," did it have excess business holdings in 1997 as a result of (1) any purchase by the organization 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 organization had excess business holdings in 1997.)

4 Taxes on investments that jeopardize charitable purposes (section 4944):

a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?

b Did the organization 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 1997?

5 Taxes on taxable expenditures (section 4945) and political expenditures (section 4955):

a During the year did the organization pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(a))?
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
(3) Provide a grant to an individual for travel, study, or other similar purposes?
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

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 page 18 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? If "Yes," attach the statement required by Regulations section 53.4945-5(d).

Table with 3 columns: Question ID, Yes, No. Contains responses for questions 1a-1c, 2a-c, 3a-b, 4a-b, 5a-c.

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

1 List all officers, directors, trustees, foundation managers and their compensation (see page 19 of the instructions):

Table with 5 columns: (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. Rows include R.M. FAIRBANKS, VIRGINIA B FAIRBANKS, LEONARD J BETLEY.

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 19 of the instructions). If none, enter "NONE."

Table with 5 columns: (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. Content is NOT APPLICABLE.

Total number of other employees paid over \$50,000 NONE

3 Five highest-paid independent contractors for professional services - (see page 19 of the instructions). If none, enter "NONE."

Table with 3 columns: (a) Name and address of each person paid more than \$50,000, (b) Type of service, (c) Compensation. Content is NOT APPLICABLE.

Total number of others receiving over \$50,000 for professional services NONE

Part IX-A Summary of Direct Charitable Activities

Table with 2 columns: Description of activity, Expenses. Row 1 is NOT APPLICABLE. Rows 2, 3, 4 are blank.

Part IX-B Summary of Program-Related Investments (see page 20 of the instructions)

Describe any program-related investments made by the foundation during the tax year.	Amount
1 NOT APPLICABLE	
2	
3	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 20 of the 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	16,031,152.
b Average of monthly cash balances	1b	12,370.
c Fair market value of all other assets (see page 21 of the instructions)	1c	NONE
d Total (add lines 1a, b, and c)	1d	16,043,522.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) ▶	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	NONE
3 Subtract line 2 from line 1d	3	16,043,522.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 21 of the instructions)	4	240,653.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	15,802,869.
6 Minimum investment return. Enter 5% of line 5	6	790,143.

Part XI Distributable Amount (see page 21 of the 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	790,143.
2a Tax on investment income for 1997 from Part VI, line 5	2a	34,050.
2b Income tax for 1997. (This does not include the tax from Part VI.)	2b	
2c Add lines 2a and 2b	2c	34,050.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	756,093.
4a Recoveries of amounts treated as qualifying distributions	4a	NONE
4b Income distributions from section 4947(a)(2) trusts	4b	
4c Add lines 4a and 4b	4c	NONE
5 Add lines 3 and 4c	5	756,093.
6 Deduction from distributable amount (see page 22 of the instructions)	6	NONE
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	756,093.

Part XII Qualifying Distributions (see page 22 of the 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	109,544.
b Program-related investments - total of lines 1-3 of Part IX-B	1b	NONE
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	NONE
b Cash distribution test (attach the required schedule)	3b	NONE
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8 and Part XIII, line 4	4	109,544.
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 22 of the instructions)	5	N/A
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	109,544.

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 page 22 of the instructions)

	(a) Corpus	(b) Years prior to 1996	(c) 1996	(d) 1997
1 Distributable amount for 1997 from Part XI, line 7				756,093.
2 Undistributed income, if any, as of the end of 1996:				
a Enter amount for 1996 only			101,291.	
b Total for prior years		NONE		
3 Excess distributions carryover, if any, to 1997:				
a From 1992	NONE			
b From 1993	NONE			
c From 1994	NONE			
d From 1995	NONE			
e From 1996	NONE			
f Total of lines 3a through e	NONE			
4 Qualifying distributions for 1997 from Part XII, line 4: ▶ <u>109,544.</u>				
a Applied to 1996, but not more than line 2a			101,291.	
b Applied to undistributed income of prior years (Election required - see page 23 of the instructions)		NONE		
c Treated as distributions out of corpus (Election required - see page 23 of the instructions)	NONE			
d Applied to 1997 distributable amount				8,253.
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 1997 (If an amount appears in column (d), the same amount must be shown in column (a).)	NONE			NONE
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	NONE			
b Prior years' undistributed income. Subtract line 4b from line 2b		NONE		
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		NONE		
d Subtract line 6c from line 6b. Taxable amount - see page 23 of the instructions		NONE		
e Undistributed income for 1996. Subtract lines 4a from line 2a. Taxable amount - see page 23 of the instructions				
f Undistributed income for 1997. Subtract lines 4d and 5 from line 1. This amount must be distributed in 1998				747,840.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 23 of the instructions)	NONE			
8 Excess distributions carryover from 1992 not applied on line 5 or line 7 (see page 23 of the instructions)	NONE			
9 Excess distributions carryover to 1998. Subtract lines 7 and 8 from line 6a	NONE			
10 Analysis of line 9:				
a Excess from 1993	NONE			
b Excess from 1994	NONE			
c Excess from 1995	NONE			
d Excess from 1996	NONE			
e Excess from 1997	NONE			

Part XIV Private Operating Foundations (see page 23 of the instructions and Part VII-A, question 9) **NOT APPLICABLE**

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 1997, enter the date of the ruling

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

	Tax year		Prior 3 years		(e) Total
	(a) 1997	(b) 1996	(c) 1995	(d) 1994	
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 organization had \$5,000 or more in assets at any time during the year - see page 24 of the 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))

RICHARD M. FAIRBANKS

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 organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 24 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

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

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

c Any submission deadlines:

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

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><i>a Paid during the year</i></p> <p>SEE STATEMENT 5</p>				
<p>Total ▶ 3a</p>				<p>109,000.</p>
<p><i>b Approved for future payment</i></p>				
<p>Total ▶ 3b</p>				

PUBLISHER'S AFFIDAVIT

State of Indiana SS:
MARION County

Personally appeared before me, a notary public in and for said county and state, the

undersigned ANNETTE MCNEW who, being duly sworn, says that S he is CLERK of the

INDIANAPOLIS NEWSPAPERS, INC.

a DAILY STAR newspaper of general circulation printed and published in the English language in the city of INDIANAPOLIS

in state and county aforesaid, and that the printed matter attached hereto is a true copy, which was duly published in said paper for 1 time, the dates of publication being as follows:

MAY 07, 1998

Annette McNew

Subscribed and sworn to before me this 8TH day of MAY, 1998

Barbara L. Rutherford

My commission expires

Notary Public
Barbara L. Rutherford
Notary Public, State of Indiana
Marion County
My Commission Exp. 07/28/2001

PUBLIC NOTICE
The annual report of The Richard M. Fairbanks Foundation, Inc. is available, at the address noted below, for inspection during normal business hours, by any citizen who so requests within 180 days after publication of this notice of its availability.
Richard M. Fairbanks Foundation, Inc., 9292 N. Meridian Street, Suite #304, Indianapolis, Indiana 46260.
The principal manager is Leonard J. Betley, telephone (317) 846-7111.
(S-5-7-766734)

Form 65 REV 1-88

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Capital Gains and Losses

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1041 (or Form 5227). See the separate instructions for Form 1041 (or Form 5227).

1997

Name of estate or trust

Employer identification number

FAIRBANKS FOUNDATION, INC.

31-1189885

Note: Form 5227 filers need to complete ONLY Parts I and II.

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example, 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see page 26)	(f) Gain or (loss) for entire year. (col. (d) less col. (e))
1					
2	Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824				2
3	Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts				3
4	Short-term capital loss carryover from 1996 Schedule D, line 28				4
5	Net short-term gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on line 14 below				5

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example, 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see page 26)	(f) Gain or (loss) for entire year. (col. (d) less col. (e))	(g) 28% rate gain or (loss) (see instr. below)
6	SEE STATEMENT	1	1,132,769.	128,783.	1,003,986.	
7	Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824				7	
8	Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts				8	
9	Capital gain distributions				9	
10	Gain from Form 4797, Part I				10	
11	Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from 1996 Schedule D, line 35				11	
12	Combine lines 6 through 11 in column (g)				12	
13	Net long-term gain or (loss). Combine lines 6 through 11 in column (f). Enter here and on line 15 below				13	1,003,986.

*28% rate gain or (loss) includes all gains and losses from Part II, column (f) from sales, exchanges, or conversions (including installment payments received) either:

- Before May 7, 1997, or
- After July 28, 1997, for assets held more than 1 year but not more than 18 months.

It also includes ALL "collectibles gains and losses" (as defined on page 26 of the instructions) and the taxable gain (but not more than the section 1202 exclusion) on the sale or exchange of qualified small business stock.

Part III Summary of Parts I and II

	(1) Beneficiaries' (see page 27)	(2) Estate's or trust's	(3) Total
14 Net short-term gain or (loss) (from line 5 above)	14		
15 Net long-term gain or (loss):			
a 28% rate gain or (loss) (from line 12 above)	15a		
b Unrecaptured section 1250 gain (see page 27 of the instructions)	15b		
c Total for year (from line 13 above)	15c		1,003,986.
16 Total net gain or (loss). Combine lines 14 and 15c	16		1,003,986.

Note: If line 16, column (3) is a net gain, enter the gain on Form 1041, line 4. If lines 15c and 16, column (2) are net gains, go to Part V, and DO NOT complete Part IV. If line 16, column (3) is a net loss, complete Part IV and the Capital Loss Carryover Worksheet, as necessary.

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 1997