

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

2004

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 2004, or tax year beginning _____, and ending _____

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label. Name of organization: **THE MARSHALL R. MATLEY FOUNDATION**

Otherwise, print or type. Number and street (or P O box number if mail is not delivered to street address) Room/suite: **P O BOX 40430**

See Specific Instructions. City or town, state, and ZIP code: **RENO, NV 89504-4430**

A Employer identification number: **88-0364211**

B Telephone number: **775-688-7998**

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

C If exemption application is pending, check here

D 1. Foreign organizations, check here
 2. Foreign organizations meeting the 85% test, check here and attach computation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16): **\$ 5,497,838.**

J Accounting method: Cash Accrual Other (specify) _____

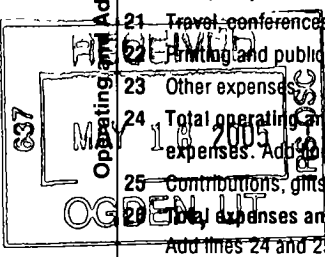
E If private foundation status was terminated under section 507(b)(1)(A), check here

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

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

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received	5,247,450.		N/A	
2 Check <input type="checkbox"/> If the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	3,380.	3,380.		STATEMENT 1
4 Dividends and interest from securities	77,495.	9,992.		STATEMENT 2
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10				
b Gross sales price for all assets on line 6a				
7 Capital gain net income (from Part IV, line 2)		0.		
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)				
11 Other income				
12 Total. Add lines 1 through 11	5,328,325.	13,372.		
13 Compensation of officers, directors, trustees, etc	29,601.	3,411.		8,972.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees STMT 3	420.	70.		0.
c Other professional fees				
17 Interest				
18 Taxes				
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses				
24 Total operating and administrative expenses. Add lines 13 through 23	30,021.	3,481.		8,972.
25 Contributions, gifts, grants paid				
26 Total expenses and disbursements. Add lines 24 and 25	30,021.	3,481.		8,972.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	5,298,304.			
b Net investment income (if negative, enter -0-)		9,891.		
c Adjusted net income (if negative, enter -0-)			N/A	

SCANNED MAY 25 2005



Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year		End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1	Cash - non-interest-bearing			
	2	Savings and temporary cash investments	4,757.	501,574.	501,574.
	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			
	7	Other notes and loans receivable ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges:			
	10a	Investments - U.S. and state government obligations STMT 4	0.	3,258,581.	3,325,542.
	b	Investments - corporate stock STMT 5	0.	705,871.	777,111.
	c	Investments - corporate bonds			
11	Investments - land, buildings, and equipment basis ▶				
	Less: accumulated depreciation ▶				
12	Investments - mortgage loans STMT 6	0.	10,003.	10,003.	
13	Investments - other STMT 7	0.	827,031.	883,608.	
14	Land, buildings, and equipment basis ▶				
	Less: accumulated depreciation ▶				
15	Other assets (describe ▶)				
16	Total assets (to be completed by all filers)	4,757.	5,303,060.	5,497,838.	
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			
22	Other liabilities (describe ▶)				
23	Total liabilities (add lines 17 through 22)	0.	0.		
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 <input checked="" type="checkbox"/> and complete lines 27 through 31.				
	27	Capital stock, trust principal, or current funds	10,000.	10,000.	
	28	Paid-in or capital surplus, or land, bldg, and equipment fund	0.	0.	
29	Retained earnings, accumulated income, endowment, or other funds	<5,243.>	5,293,060.		
30	Total net assets or fund balances	4,757.	5,303,060.		
31	Total liabilities and net assets/fund balances	4,757.	5,303,060.		

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	4,757.
2	Enter amount from Part I, line 27a	2	5,298,304.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	5,303,061.
5	Decreases not included in line 2 (itemize) ▶ ROUNDING	5	1.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	5,303,060.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b	NONE			
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	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter -0- in Part I, line 8	3	

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 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))
2003	200.	4,718.	.0423908
2002	298.	5,129.	.0581010
2001	595.	5,826.	.1021284
2000	550.	6,559.	.0838542
1999	911.	7,690.	.1184655

2 Total of line 1, column (d)	2	.4049399
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	.0809880
4 Enter the net value of noncharitable-use assets for 2004 from Part X, line 5	4	2,647,678.
5 Multiply line 4 by line 3	5	214,430.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	99.
7 Add lines 5 and 6	7	214,529.
8 Enter qualifying distributions from Part XII, line 4	8	8,972.

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)

Table with 11 rows for excise tax calculations. Line 1: 198. Line 2: 0. Line 3: 198. Line 4: 0. Line 5: 198. Line 7: 0. Line 9: 198. Line 11: Refunded.

Part VII-A Statements Regarding Activities

Table with 11 rows for activity statements. Columns: Question, Yes, No. Row 1a: No (X). Row 1b: No (X). Row 1c: No (X). Row 2: No (X). Row 3: No (X). Row 4a: No (X). Row 4b: N/A. Row 5: No (X). Row 6: Yes (X). Row 7: Yes (X). Row 8a: NEVADA. Row 8b: Yes (X). Row 9: No (X). Row 10: Yes (X). Row 11: Yes (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.

- 1a 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)

Yes No
[] Yes [X] No
[] Yes [X] No
[] Yes [X] No
[X] Yes [] No
[] Yes [X] No
[] Yes [X] 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 page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here

[]

Table with columns Yes, No and rows 1b, 1c. 1b: Yes, No; 1c: Yes, No

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 2004?

1b: Yes, No; 1c: Yes, No

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 tax year 2004, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2004? If "Yes," list the years

[] Yes [X] No

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 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

2a: Yes, No; 2b: Yes, No

3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?

[] Yes [X] No

b If "Yes," did it have excess business holdings in 2004 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 2004.)

N/A

4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?

3a: Yes, No; 3b: Yes, No; 4a: Yes, No

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 2004?

4b: Yes, No

5a 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?

Yes No
[X] Yes [] No
[X] Yes [] No
[X] Yes [] No
[X] Yes [] No
[X] 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

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)

N/A

[] Yes [] No

6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

[] Yes [X] No

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If you answered "Yes" to 6b, also file Form 8870

5a: Yes, No; 5b: Yes, No; 6a: Yes, No; 6b: Yes, No

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ERNEST J. MAUPIN 4785 CAUGHLIN PARKWAY RENO NV 89509	CO-TRUSTEE VARIABLE	6,055.	0.	0.
DANIEL J. KLAICH 5270 NEIL ROAD RENO NV 89502	CO-TRUSTEE VARIABLE	7,402.	0.	0.
WESTERN NATIONAL TRUST COMPANY P O BOX 40430 RENO NV 89504-4430	CO-TRUSTEE VARIABLE	16,144.	0.	0.

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

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

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

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
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

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.

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	2,373,789.
b Average of monthly cash balances	1b	314,209.
c Fair market value of all other assets	1c	
d Total (add lines 1a, b, and c)	1d	2,687,998.
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	2,687,998.
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	40,320.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	2,647,678.
6 Minimum investment return. Enter 5% of line 5	6	132,384.

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	132,384.
2a Tax on investment income for 2004 from Part VI, line 5	2a	198.
b Income tax for 2004 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	198.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	132,186.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	132,186.
6 Deduction from distributable amount (see instructions)	6	0.
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	132,186.

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	8,972.
b Program-related investments - total from Part IX-B	1b	0.
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	8,972.
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	5	0.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	8,972.

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 2003	(c) 2003	(d) 2004
1 Distributable amount for 2004 from Part XI, line 7				132,186.
2 Undistributed income, if any, as of the end of 2003				
a Enter amount for 2003 only			0.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2004				
a From 1999	162.			
b From 2000	222.			
c From 2001	304.			
d From 2002	42.			
e From 2003				
f Total of lines 3a through e	730.			
4 Qualifying distributions for 2004 from Part XII, line 4 ▶ \$	8,972.			
a Applied to 2003, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2004 distributable amount				8,972.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2004 (if an amount appears in column (d), the same amount must be shown in column (a))	730.			730.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount - see instructions		0.		
e Undistributed income for 2003 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2004 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2005				122,484.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3)	0.			
8 Excess distributions carryover from 1999 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2005. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2000				
b Excess from 2001				
c Excess from 2002				
d Excess from 2003				
e Excess from 2004				

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 2004, 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) 2004	(b) 2003	(c) 2002	(d) 2001	
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 26 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))

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

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

THE MARSHALL R. MATLEY FOUNDATION

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

SEE STATEMENT 9

c Any submission deadlines

NONE

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

SEE STATEMENT 10

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</i> Paid during the year</p> <p>NONE</p>				
<p>Total</p>			▶ 3a	0.
<p><i>b</i> Approved for future payment</p> <p>NONE</p>				
<p>Total</p>			▶ 3b	0.

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 organization 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
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 organization. If the organization 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.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'N/A' in column (c).

2a Is the organization 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 [X] No

b If "Yes," complete the following schedule. Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1 contains 'N/A' in column (b).

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 or fiduciary) is based on all information of which preparer has any knowledge.
Sign Here: Signature of officer or trustee: [Signature]
Preparer's Use Only: Preparer's signature: [Signature], Firm's name (or yours if self-employed), address, and ZIP code: KAFOURY, ARMSTRONG & CO, 6140 PLUMAS STREET, RENO, NV 89509

Schedule B
(Form 990, 990-EZ, or
990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No 1545-0047

2004

Name of organization

THE MARSHALL R. MATLEY FOUNDATION

Employer identification number

88-0364211

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule—see instructions.)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

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

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ▶ \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they must check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions
for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2004)

Name of organization THE MARSHALL R. MATLEY FOUNDATION	Employer identification number 88-0364211
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Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	<p><u>MARSHALL R MATLEY TRUST</u></p> <p><u>P O BOX 40430</u></p> <p><u>RENO, NV 89504</u></p>	\$ <u>5,247,450.</u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Employer identification number

THE MARSHALL R. MATLEY FOUNDATION

88-0364211

Part II Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	SEE STATEMENT 11	\$ 5,079,178.	07/13/04
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
TREASURY OBLIGATION FUND	3,380.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	3,380.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
COMMON STOCKS	4,601.	0.	4,601.
EQUITY FUNDS	4,485.	0.	4,485.
MORTGAGE NOTES	906.	0.	906.
MUNICIPAL BONDS	67,503.	0.	67,503.
TOTAL TO FM 990-PF, PART I, LN 4	77,495.	0.	77,495.

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
KAFOURY ARMSTRONG & CO	420.	70.		0.
TO FORM 990-PF, PG 1, LN 16B	420.	70.		0.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS	STATEMENT	4
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DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
MUNICIPAL BONDS		X	3,258,581.	3,325,542.
TOTAL U.S. GOVERNMENT OBLIGATIONS				
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS			3,258,581.	3,325,542.
TOTAL TO FORM 990-PF, PART II, LINE 10A			3,258,581.	3,325,542.

FORM 990-PF	CORPORATE STOCK	STATEMENT	5
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
COMMON STOCKS	705,871.	777,111.
TOTAL TO FORM 990-PF, PART II, LINE 10B	705,871.	777,111.

FORM 990-PF	MORTGAGE LOANS	STATEMENT	6
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
MORTGAGE NOTES	10,003.	10,003.
TOTAL TO FORM 990-PF, PART II, LINE 12	10,003.	10,003.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	7
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
EQUITY FUNDS	627,031.	683,608.
COLATERALIZED DEBT OBLIGATIONS	200,000.	200,000.
TOTAL TO FORM 990-PF, PART II, LINE 13	827,031.	883,608.

FORM 990-PF	LIST OF SUBSTANTIAL CONTRIBUTORS PART VII-A, LINE 10	STATEMENT	8
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NAME OF CONTRIBUTORADDRESS

MARSHALL R MATLEY TRUST

P O BOX 40430, RENO, NV 89504

FORM 990-PF	PART XV, LINE 2B APPLICATION REQUIREMENTS	STATEMENT	9
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DESCRIPTION

APPLICATIONS SHOULD CONTAIN INFORMATION EXPLAINING HOW FUNDS WOULD BE USED, AND IF RELEVANT, THE BENEFITS PROVIDED TO THE MENTALLY HANDICAPPED BY THE ORGANIZATION

FORM 990-PF	PART XV, LINE 2D AWARD RESTRICTIONS AND LIMITATIONS	STATEMENT	10
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DESCRIPTION

THE APPLICANT MUST BE A PUBLIC CHARITY OR A GOVERNMENTAL ENTITY, AND SHOULD HAVE AS ITS OBJECTIVE THE MEDICAL CARE, SUPPORT, ASSISTANCE, GUIDANCE AND EDUCATION OF HANDICAPPED CHILDREN AND ADULTS, WITH EMPHASIS GIVEN TO THE NEEDS OF MENTALLY HANDICAPPED CHILDREN

SCHEDULE B

STATEMENT 11

\$635,000 CASH
 1000 SHARES, AIR PRODUCTS & CHEMICALS
 1158 SHARES, AMERICAN INTERNATIONAL GROUP
 2000 SHARES, APPLIED MATERIALS
 999 SHARES, BANK OF AMERICA
 2600 SHARES, BAXTER INTERNATIONAL
 2200 SHARES, BURLINGTON RESOURCES
 582 SHARES, COMCAST CL A
 1620 SHARES, DIAMONDS TRUST SER I
 1200 SHARES, ELECTRONIC DATA SYSTEMS
 2100 SHARES, GENUINE PARTS
 1000 SHARES, HALLIBURTON
 1200 SHARES, MAY DEPARTMENT STORES
 1400 SHARES, PRAXAIR
 879 SHARES, S&P MID-CAP INDEX SPDRS
 2441 SHARES, S&P 500 INDEX SPDRS
 664 SHARES, S&P SMALL-CAP 600 INDEX ISHARES
 800 SHARES, SCHLUMBERGER LTD
 85,000 PAR, CLARK COUNTY GO 5.875
 160,000 PAR, CLARK COUNTY GO 5.250
 100,000 PAR, GARLAND TX SCH DIST 5.625
 100,000 PAR, GREENVILLE SC WATER 5.250
 25,000 PAR, HAMILTON SE IL 5.750
 140,000 PAR, HENDERSON NV 4.125
 200,000 PAR, ILLINOIS ST CIVIC CTR 5.500
 100,000 PAR, INTERSTATE SOUTH CO 6.000
 200,000 PAR, KANE COUNTY IL 5.500
 50,000 PAR, LAKE COUNTY OH 5.250
 30,000 PAR, LARIMER WELD & BOULDER 2.750
 140,000 PAR, MADISON & ST CLAIR IL 5.500
 200,000 PAR, MONTGOMERY COUNTY PA 6.375
 105,000 PAR, MOUNT CLEMENS MI SD 5.500
 75,000 PAR, NEVADA ST 5.500
 324,543 PAR, NEW YORK, NY 5.750
 100,000 PAR, OCONTO FALLS WI SD 5.500
 125,000 PAR, OKLAHOMA CITY OK 5.625
 100,000 PAR, PARIS TX WATER 5.625
 40,000 PAR, SPANISH FORK CITY UT 5.250
 100,000 PAR, SPANISH FORK CITY UT 5.250
 250,000 PAR, TRAVIS COUNTY TX 5.600
 100,000 PAR, UTAH STATE BD REGENTS 5.250
 100,000 PAR, WASHINGTON ST HIGHER ED 5.000
 100,000 PAR, WYANDOTTE COUNTY KS 5.500
 19,480 PAR, WILSON BROS PROMISSORY NOTE
 1,486 PAR SHARP PROMISSORY NOTE