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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. Otherwise, print or type. See Specific Instructions.	Name of organization ST JOHN FOUNDATION		A Employer identification number 52-1709184
	Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions) 410-822-8292
	City or town, state, and ZIP code EASTON MD 21601		C If exemption application is pending, check here ☐
H Check type of organization. ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation			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) \$ 3,967,759		J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis)	
			E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
			F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the 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 ☐ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	1,272	1,272		
	4 Dividends and interest from securities	93,424	93,424		
	5 a Gross rents				
	b Net rental income or (loss)	0			
	6 a Net gain or (loss) from sale of assets not on line 10	0			
	b Gross sales price for all assets on line 6a	0			
	7 Capital gain net income (from Part IV, line 2)		156,100		
	8 Net short-term capital gain			0	
	9 Income modifications				
	10 a Gross sales less returns and allowances	0			
Operating and Administrative Expenses	b Less Cost of goods sold	0			
	c Gross profit or (loss) (attach schedule)	0			
	11 Other income (attach schedule)	0	0	0	
	12 Total. Add lines 1 through 11	94,696	250,796		
	13 Compensation of officers, directors, trustees, etc	0			
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16 a Legal fees (attach schedule)	0			
	b Accounting fees (attach schedule)	0			
	c Other professional fees (attach schedule)	0	32,761		
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	0			
	19 Depreciation (attach schedule) and depletion	0	0	0	
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	0	277	0	0
	24 Total operating and administrative expenses. Add lines 13 through 23	0	33,038	0	33,038
	25 Contributions, gifts, grants paid	165,500			165,500
	26 Total expenses and disbursements. Add lines 24 and 25	165,500	33,038	0	198,538
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-70,804			
	b Net investment income (if negative, enter -0-)		217,758		
	c Adjusted net income (if negative, enter -0-)			0	

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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			
	2 Savings and temporary cash investments	65,652	28,878	28,878
	3 Accounts receivable ▶ 0			
	Less: allowance for doubtful accounts ▶ 0	0	0	0
	4 Pledges receivable ▶ 0			
	Less: allowance for doubtful accounts ▶ 0	0	0	0
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)	0	0	0
	7 Other notes and loans receivable (attach schedule) ▶ 0			
	Less: allowance for doubtful accounts ▶ 0	0	0	0
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U S and state government obligations (attach schedule)	0	0	0
	b Investments—corporate stock (attach schedule)	3,521,451	3,938,881	3,938,881
	c Investments—corporate bonds (attach schedule)	0	0	0
Liabilities	11 Investments—land, buildings, and equipment basis ▶ 0			
	Less: accumulated depreciation (attach schedule) ▶ 0	0	0	0
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	0	0	0
	14 Land, buildings, and equipment: basis ▶ 0			
	Less: accumulated depreciation (attach schedule) ▶ 0	0	0	0
	15 Other assets (describe ▶)	0	0	0
	16 Total assets (to be completed by all filers—see page 16 of the instructions. Also, see page 1, item I)	3,587,103	3,967,759	3,967,759
	17 Accounts payable and accrued expenses			
	18 Grants payable			
Net Assets or Fund Balances	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons	0	0	
	21 Mortgages and other notes payable (attach schedule)	0	0	
	22 Other liabilities (describe ▶)	0	0	
	23 Total liabilities (add lines 17 through 22)	0	0	
	24 Organizations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ ☐			
	25 Unrestricted			
Net Assets or Fund Balances	26 Temporarily restricted			
	26 Permanently restricted			
	27 Organizations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	3,587,103	3,967,759	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances (see page 17 of the instructions)	3,587,103	3,967,759	
	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	3,587,103	3,967,759	

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	3,587,103
2 Enter amount from Part I, line 27a	2	-70,804
3 Other increases not included in line 2 (itemize) ▶ INTEREST, DIVIDENDS, CAP GAINS, ACCRUED INC.	3	484,221
4 Add lines 1, 2, and 3	4	4,000,520
5 Decreases not included in line 2 (itemize) ▶ CONSULTING FEES, CONTRIBUTIONS	5	32,761
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,967,759

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 CAPITAL GAIN/LOSS FROM ACC 71A-04195	P	VARIOUS	VARIOUS
b CAPITAL GAIN/LOSS FROM ACC 71A-04196	P	VARIOUS	VARIOUS
c CAPITAL GAIN/LOSS FROM ACC 71A-04198	P	VARIOUS	VARIOUS
d CAPITAL GAIN/LOSS FROM ACC 71A-04199	P	VARIOUS	VARIOUS
e CAPITAL GAIN/LOSS FROM ACC 71A-04272	P	VARIOUS	VARIOUS

(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 565,105		568,821	-3,716
b 723,942		683,399	40,543
c 629,856		525,600	104,256
d 238,258		223,241	15,017
e			0

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		0	-3,716
b		0	40,543
c		0	104,256
d		0	15,017
e		0	0

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	156,100
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 13 and 17 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 18 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))
2003	157,050	3,141,000	0.050000
2002	169,000	3,380,000	0.050000
2001	178,100	3,562,000	0.050000
2000	165,371	3,307,420	0.050000
1999	176,808	3,536,160	0.050000

2 Total of line 1, column (d)	2	0.250000
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	0.050000
4 Enter the net value of noncharitable-use assets for 2004 from Part X, line 5	4	3,751,886
5 Multiply line 4 by line 3	5	187,594
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,178
7 Add lines 5 and 6	7	189,772
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 18.	8	198,538

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1	a Exempt operating foundations described in section 4940(d)(2), check here ☐ 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 ☒ and enter 1% of Part I, line 27b	1	2,178
	c All other domestic organizations 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	2,178
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	2,178
6	Credits/Payments:		
	a 2004 estimated tax payments and 2003 overpayment credited to 2004	6a	3,510
	b Exempt foreign organizations—tax withheld at source	6b	
	c Tax paid with application for extension of time to file (Form 8868)	6c	2,500
	d Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	6,010
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	0
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	3,832
11	Enter the amount of line 10 to be: Credited to 2005 estimated tax ☐ 0 Refunded ☐	11	3,832

Part VII-A Statements Regarding Activities

	Yes	No
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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?		X
If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities		
c Did the organization file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the organization \$ _____ (2) On organization managers \$ _____		
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		X
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		X
4 a Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		X
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	X	
8 a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ☐ MD		
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	X	
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 2004 or the taxable year beginning in 2004 (see instructions for Part XIV on page 25)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? Web site address _____	X	
12 The books are in care of ☐ THOMAS M TAWNEY, CPA Telephone no ☐ 410-822-8292 Located at ☐ 401A BROOKLETTS AVE EASTON MD ZIP+4 ☐ 21601		
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 N/A		

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 organization (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ 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)? ☐ Yes ☒ No		
(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		
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)? ☐ 1b N/A		
Organizations relying on a current notice regarding disaster assistance check here ☐		
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? ☐ 1c		
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? ☐ Yes ☒ No 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 20 of the instructions) ☐ 2b 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 ☐		
3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ 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) ☐ 3b N/A		
4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? ☐ 4a		X
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		X
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(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 509(a)(1), (2), or (3), or section 4940(d)(2)? ☐ 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 page 20 of the instructions)? ☐ 5b		
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? ☐ Yes ☐ No If "Yes," attach the statement required by Regulations section 53.4945-5(d).		
6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No		
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ 6b X		
If you answered "Yes" to 6b, also file Form 8870		

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 20 of the 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
VERNON J NILY JR PO BOX 757 EASTON MD 21601	PRES 2	0	0	0
WILLIAM H PRICE II 28133 WOODLAND CT EASTON MD 21601	SECY 2	0	0	0
DONALD D CASSON 28288 OAKLANDS RD EASTON MD 21601	TREAS 4	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see page 21 of the 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		0	0	0

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

**3** Five highest-paid independent contractors for professional services—(see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		0
		0
		0
		0
		0
		0

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 page 22 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2		Amount
1		
2		
All other program-related investments See page 22 of the instructions		
3		
Total. Add lines 1 through 3		0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 22 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	3,730,166
b	Average of monthly cash balances	1b	78,855
c	Fair market value of all other assets (see page 22 of the instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	3,809,021
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	
3	Subtract line 2 from line 1d	3	3,809,021
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)	4	57,135
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,751,886
6	Minimum investment return. Enter 5% of line 5	6	187,594

Part XI Distributable Amount (see page 23 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	187,594
2a	Tax on investment income for 2004 from Part VI, line 5	2a	2,178
b	Income tax for 2004. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,178
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	185,416
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	185,416
6	Deduction from distributable amount (see page 23 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	185,416

Part XII Qualifying Distributions (see page 23 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	198,538
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	198,538
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 24 of the instructions)	5	2,178
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	196,360

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 24 of the instructions)

	(a) Corpus	(b) Years prior to 2003	(c) 2003	(d) 2004
1 Distributable amount for 2004 from Part XI, line 7				185,416
2 Undistributed income, if any, as of the end of 2003				
a Enter amount for 2003 only				
b Total for prior years: _____, _____, _____				
3 Excess distributions carryover, if any, to 2004:				
a From 1999				
b From 2000				
c From 2001				
d From 2002				
e From 2003				
f Total of lines 3a through e	0			
4 Qualifying distributions for 2004 from Part XII, line 4: ▶\$ 198,538				
a Applied to 2003, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 24 of the instructions)		0		
c Treated as distributions out of corpus (Election required—see page 24 of the instructions)				
d Applied to 2004 distributable amount				198,538
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2004 (If an amount appears in column (d), the same amount must be shown in column (a))	0			
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				
d Subtract line 6c from line 6b. Taxable amount—see page 25 of the instructions		0		
e Undistributed income for 2003. Subtract line 4a from line 2a. Taxable amount—see page 25 of the instructions			0	
f Undistributed income for 2004. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2005				-13,122
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)				
8 Excess distributions carryover from 1999 not applied on line 5 or line 7 (see page 25 of the instructions)				
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 page 25 of the instructions and Part VII-A, question 9)

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	0				0
b 85% of line 2a	0	0	0	0	0
c Qualifying distributions from Part XII, line 4 for each year listed	0				0
d Amounts included in line 2c not used directly for active conduct of exempt activities					0
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	0	0	0	0	0
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0
b "Endowment" alternative test—enter ² / ₃ of minimum investment return shown in Part X, line 6 for each year listed	0				0
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)					0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
(3) Largest amount of support from an exempt organization					0
(4) Gross investment income					0

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))

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.

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 26 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)				
a <i>Paid during the year</i>				
ACADEMY OF THE ARTS 106 SOUTH ST EASTON MD 21828				5,000
AUDUBON MD-DC 23000 WELLS PT RD BOZMAN MD 21813				7,500
AVALON FOUNDATION 586 CYNWOOD DR EASTON MD 21828				10,000
BLAKE BLACKSTON AMERICAN LEGION 102 GLENVIEW DR EASTON MD 21828				1,500
BOY SCOUT TROOP 190 100 PEACHBLOSSOM LANE EASTON MD 21828				2,000
BOY SCOUT TROOP 532 100 PEACHBLOSSOM LANE EASTON MD 21828				2,000
BOY SCOUT TROOP 741 100 PEACHBLOSSOM LANE EASTON MD 21828				2,000
BRIGHTER CHRISTMAS FUND PO BOX 600 EASTON MD 21828				5,000
CASA 1 S WASHINGTON ST SUITE 2 EASTON MD 21828				6,000
CHARACTER COUNTS 319 STEWART BUILDING EASTON MD 21828				2,500
CHESAPEAKE GIRL SCOUT COUNCIL 911 SNOWHILL RD EASTON MD 21828				3,500
CAPA PO BOX 823 EASTON MD 21601				8,000
CUB SCOUT PACK 190 100 PEACHBLOSSOM LANE EASTON MD 21828				1,500
CUB SCOUT PACK 532 100 PEACHBLOSSOM LANE EASTON MD 21828				1,500
CUB SCOUT PACK 741 100 PEACHBLOSSOM LANE EASTON MD 21828				1,500
EASTERN SHORE CHAMBER MUSIC FESTIVAL PO BOX 100 EASTON MD 21828				5,000
EASTON CELEBRATIONS 40E DOVER ST EASTON MD 21828				2,000
EASTON DAY CARE CENTER 11 MAGNOLIA ST EASTON MD 21828				5,000
EASTON HIGH SCHOOL BAND 723 MECKLENBURG DR EASTON MD 21828				2,500
EASTON HIGH SCHOOL CHOIR 723 MECKLENBURG DR EASTON MD 21828				2,500
EASTON PARADE 40 E DOVER ST EASTON MD 21828				1,000
FIRST NIGHT TALBOT, FOR ALL SEASONS 40 E DOVER ST EASTON MD 21828				4,000
HABITAT FOR HUMANITY 350 N AURORA ST EASTON MD 21828				5,000
HISTORIC CEMETERIES OF EASTON, INC PO BOX 100 EASTON MD 21828				10,000
THE MENTAL HEALTH ASSOCIATION IN TALBOT COUNTY 100 W DIXON HOUSE EASTON MD 21828				5,000
PICKERING CREEK AUDUBON CENTER 11450 AUDUBON RD EASTON MD 21828				7,500
ST MARKS VILLAGE 100 PEACHBLOSSOM LANE EASTON MD 21828				5,000
ST MICHAELS HIGH SCHOOL ORCHESTRA 200 SE 1ST ST EASTON MD 21828				12,500
TALBOT COUNTY HISTORICAL SOCIETY 25 S WASHINGTON ST EASTON MD 21828				5,000
TALBOT COUNTY FAMILY SUPPORT CENTER 126 S WASHINGTON ST EASTON MD 21828				5,000
TALBOT COUNTY LIBRARY FOUNDATION 100 W DIXON HOUSE EASTON MD 21828				5,000
TALBOT HOSPICE FOUNDATION 586 CYNWOOD DR EASTON MD 21828				5,000
HUMANE SOC, TALBOT MENTORS, DIXON HOUSE 100 W DIXON HOUSE EASTON MD 21828				19,000
Total			3a	165,500
b <i>Approved for future payment</i>				
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total			3b	0

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable

Exempt Organizations

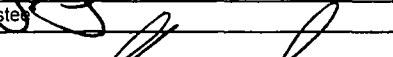
- | | | | |
|---|--------------|------------|-----------|
| 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | Yes | No |
| a Transfers from the reporting organization to a noncharitable exempt organization of: | | | |
| (1) Cash | 1a(1) | | X |
| (2) Other assets | 1a(2) | | X |
| b Other transactions: | | | |
| (1) Sales of assets to a noncharitable exempt organization | 1b(1) | | X |
| (2) Purchases of assets from a noncharitable exempt organization | 1b(2) | | X |
| (3) Rental of facilities, equipment, or other assets | 1b(3) | | X |
| (4) Reimbursement arrangements | 1b(4) | | X |
| (5) Loans or loan guarantees | 1b(5) | | X |
| (6) Performance of services or membership or fundraising solicitations | 1b(6) | | X |
| c Sharing of facilities, equipment, mailing lists, other assets, or paid employees | 1c | | X |
| d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting 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. | | | |

[illegible]

- 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 ☐ No
- b** If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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		12-3-09 Date	 Title
	Paid Preparer's Use Only	 Preparer's signature	12/3/09 Date	Check if self-employed ☒
	Firm's name (or yours if self-employed), address, and ZIP code Thomas M Tawney CPA 401 A Brookletts Ave, Easton, MD 21601			EIN  Phone no (410) 822-8292

Line 10, Part II (990-PF) - Investments - securities

U.S. and state government obligations		Book value beginning of year	Book value end of year	Number of shares/ face value	Fair market value
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Total Enter on line 10a	18 0	0	0	0

Corporate stock		Book value beginning of year	Book value end of year	Number of shares/ face value	Fair market value
1	CITIGROUP ACC 71A-04195	885,177	1,246,073		1,246,073
2	CITIGROUP ACC 71A-04196	624,895	707,428		707,428
3	CITIGROUP ACC 71A-04198	1,387,312	1,359,659		1,359,659
4	CITIGROUP ACC 71A-04199	388,883	365,102		365,102
5	CITIGROUP ACC 71A-04272	235,184	260,619		260,619
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Total. Enter on line 10b	18 3,521,451	3,938,881	0	3,938,881

Corporate bonds		Book value beginning of year	Book value end of year	Number of shares/ face value	Fair market value
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Total Enter on line 10c	18 0	0	0	0

Part VIII Section 1 (990-PF) - Information About Officers, etc.**1. List all officers, directors, trustees, foundation managers and their compensation**

Name

VERNON J NILEY JR

☒

Person

☐

Business

Street

PO BOX 757

City

EASTON

State

MD

Zip code

21601

Country

Title

PRES

Avg Hrs devoted

2

Compensation

0

Contributions

0

Expense(other allowances)

0

Name

WILLIAM H PRICE II

☒

Person

☐

Business

Street

28133 WOODLAND CT

City

EASTON

State

MD

Zip code

21601

Country

Title

SECY

Avg Hrs devoted

2

Compensation

0

Contributions

0

Expense(other allowances)

0

Name

DONALD D CASSON

☒

Person

☐

Business

Street

28288 OAKLANDS RD

City

EASTON

State

MD

Zip code

21601

Country

Title

TREAS

Avg. Hrs devoted

4

Compensation

0

Contributions

0

Expense(other allowances)

0

Part VIII Section 2 (990-PF) - Compensation of five highest-paid employees**2. Compensation of five highest-paid employees**

Name

NONE

Street

City		State	Zip code	Country	
Title	Avg. Hrs devoted	Compensation	Contributions	Expense(other allowances)	
		0	0	0	

Part VIII Section 3 (990-PF) - Highest-paid independent contractors for professional services**3. Five highest-paid independent contractors for professional services**

Name

NONE

☐ Person ☐ Business

Street

City	State	Zip code	Country
Type of service			Compensation

Line 3a, Part XV (990-PF) - Grants and contributions paid during the year**Recipient(s) paid during the year**

Name ACADEMY OF THE ARTS				☐ Person	☒ Business
Street 106 SOUTH ST					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 5,000

Name AUDUBON MD-DC				☐ Person	☒ Business
Street 23000 WELLS PT RD					
City BOZMAN		State MD	Zip code 21612	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 7,500

Name AVALON FOUNDATION				☐ Person	☒ Business
Street 586 CYNWOOD DR					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 10,000

Name BLAKE BLACKSTON AMERICAN LEGION				☐ Person	☒ Business
Street 102 GLENWOOD AVE					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 1,500

Name BOY SCOUT TROOP 190				☐ Person	☒ Business
Street 100 PEACHBLOSSOM LANE					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 2,000

Name BOY SCOUT TROOP 532				☐ Person	☒ Business
Street 100 PEACHBLOSSOM LANE					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 2,000

Name BOY SCOUT TROOP 741				☐ Person	☒ Business
Street 100 PEACHBLOSSOM LANE					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 2,000

Name BRIGHTER CHRISTMAS FUND				☐ Person	☒ Business
Street PO BOX 600					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 5,000

Name CASA				☐ Person	☒ Business
Street 1 S WASHINGTON ST SUITE 2					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 6,000

Name CHARACTER COUNTS				☐ Person	☒ Business
Street 319 STEWART BUILDING					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 2,500

Name CHESAPEAKE GIRL SCOUT COUNCIL				☐ Person	☒ Business
Street 911 SNOWHILL RD					
City SALISBURY		State MD	Zip code 21804	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 3,500

Name CAPA				☐ Person	☒ Business
Street PO BOX 823					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			
Purpose of grant/contribution					Amount 8,000

Name CUB SCOUT PACK 190				☐ Person	☒ Business
----------------------------	--	--	--	---------------------------------	--

Street 100 PEACHBLOSSOM LANE			
City EASTON	State MD	Zip code 21601	Country
Relationship	Foundation Status		
Purpose of grant/contribution			Amount 1,500

Name CUB SCOUT PACK 532				☐ Person	☒ Business
Street 100 PEACHBLOSSOM LANE					
City EASTON	State MD	Zip code 21601	Country		
Relationship	Foundation Status				
Purpose of grant/contribution				Amount 1,500	

Name CUB SCOUT PACK 741				☐ Person	☒ Business
Street 100 PEACHBLOSSOM LANE					
City EASTON	State MD	Zip code 21601	Country		
Relationship	Foundation Status				
Purpose of grant/contribution				Amount 1,500	

Name EASTERN SHORE CHAMBER MUSIC FESTIVAL				☐ Person	☒ Business
Street PO BOX 461					
City EASTON	State MD	Zip code 21601	Country		
Relationship	Foundation Status				
Purpose of grant/contribution				Amount 5,000	

Name EASTON CELEBRATIONS				☐ Person	☒ Business
Street 40E DOVER ST					
City EASTON	State MD	Zip code 21601	Country		
Relationship	Foundation Status				
Purpose of grant/contribution				Amount 2,000	

Name EASTON DAY CARE CENTER				☐ Person	☒ Business
Street 11 MAGNOLIA ST					
City EASTON	State MD	Zip code 21601	Country		
Relationship	Foundation Status				
Purpose of grant/contribution				Amount 5,000	

Name EASTON HIGH SCHOOL BAND				☐ Person	☒ Business
Street 723 MECKLENBURG AVE					

City EASTON	State MD	Zip code 21601	Country
Relationship	Foundation Status		
Purpose of grant/contribution			Amount 2,500

Name EASTON HIGH SCHOOL CHOIR			☐ Person	☒ Business
Street 723 MECKLENBURG AVE				
City EASTON	State MD	Zip code 21601	Country	
Relationship	Foundation Status			
Purpose of grant/contribution			Amount 2,500	

Name EASTON PARADE			☐ Person	☒ Business
Street 40 E DOVER ST				
City EASTON	State MD	Zip code 21601	Country	
Relationship	Foundation Status			
Purpose of grant/contribution			Amount 1,000	

Name FIRST NIGHT TALBOT, FOR ALL SEASONS			☐ Person	☒ Business
Street 40 E DOVER ST, 300 TALBOT ST				
City EASTON	State MD	Zip code 21601	Country	
Relationship	Foundation Status			
Purpose of grant/contribution			Amount 4,000	

Name HABITAT FOR HUMANITY			☐ Person	☒ Business
Street 350 N AURORA ST				
City EASTON	State MD	Zip code 21601	Country	
Relationship	Foundation Status			
Purpose of grant/contribution			Amount 5,000	

Name HISTORIC CEMETERIES OF EASTON, INC			☐ Person	☒ Business
Street PO BOX 92				
City EASTON	State MD	Zip code 21601	Country	
Relationship	Foundation Status			
Purpose of grant/contribution			Amount 10,000	

Name THE MENTAL HEALTH ASSOCIATION IN TALBOT COUNTY			☐ Person	☒ Business
Street 611 DUTCHMANS LANE				
City EASTON	State MD	Zip code 21601	Country	

Relationship		Foundation Status		
Purpose of grant/contribution				Amount
				5,000
Name				
PICKERING CREEK AUDUBON CENTER				☐ Person ☒ Business
Street				
11450 AUDUBON LANE				
City		State	Zip code	Country
EASTON		MD	21601	
Relationship		Foundation Status		
Purpose of grant/contribution				Amount
				7,500
Name				
ST MARKS VILLAGE				☐ Person ☒ Business
Street				
100 PEACHBLOSSOM LANE				
City		State	Zip code	Country
EASTON		MD	21601	
Relationship		Foundation Status		
Purpose of grant/contribution				Amount
				5,000
Name				
ST MICHAELS HIGH SCHOOL ORCHESTRA				☐ Person ☒ Business
Street				
200 SEYMOUR AVE				
City		State	Zip code	Country
ST MICHAELS		MD	21601	
Relationship		Foundation Status		
Purpose of grant/contribution				Amount
				12,500
Name				
TALBOT COUNTY HISTORICAL SOCIETY				☐ Person ☒ Business
Street				
25 S WASHINGTON ST				
City		State	Zip code	Country
EASTON		MD	21601	
Relationship		Foundation Status		
Purpose of grant/contribution				Amount
				5,000
Name				
TALBOT COUNTY FAMILY SUPPORT CENTER				☐ Person ☒ Business
Street				
126 PORT ST				
City		State	Zip code	Country
EASTON		MD	21601	
Relationship		Foundation Status		
Purpose of grant/contribution				Amount
				5,000
Name				
TALBOT COUNTY LIBRARY FOUNDATION				☐ Person ☒ Business
Street				
100 W DOVER ST				
City		State	Zip code	Country
EASTON		MD	21601	
Relationship		Foundation Status		

Purpose of grant/contribution	Amount
	5,000

Name TALBOT HOSPICE FOUNDATION				☐ Person	☒ Business
Street 586 CYNWOOD DR					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			

Purpose of grant/contribution	Amount
	5,000

Name HUMANE SOC, TALBOT MENTORS, DIXON HOUSE, TRED AVON PLAYERS				☐ Person	☒ Business
Street 7894 OCEAN GATEWAY, 408NWASHINGTON ST, 108 N HIGGINS ST, OXFORD COMMUNITY CENTER					
City EASTON		State MD	Zip code 21601	Country	
Relationship		Foundation Status			

Purpose of grant/contribution	Amount
	19,000