



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



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

OMB No. 1545-0052

Department of the Treasury
Internal Revenue Service

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

2008

For calendar year 2008, or tax year beginning AUGUST 1, 2008, and ending JULY 31, 2009G 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 foundation <u>THE HIGHTSTEAD FUND, INC.</u>		A Employer identification number <u>70-5823379</u>	
	Number and street (or P.O. box number if mail is not delivered to street address) <u>70 DUDLEY & SHANLEY, LLC, 130 MAPLE AVE. 6</u>		B Telephone number (see page 10 of the instructions) <u>(732) 936-1030</u>	
	City or town, state, and ZIP code <u>RED BANK, NJ 07701-1729</u>		C If exemption application is pending, 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 all assets at end of year (from Part II, col. (c), line 16) ► \$ <u>3,802,496.18</u>	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> 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 ► <input type="checkbox"/>		
			F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► <input type="checkbox"/>	

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see 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 ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities				
	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)				
	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					
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	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 14 of the instructions)				
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 Total operating and administrative expenses. Add lines 13 through 23				
25 Contributions, gifts, grants paid					
26 Total expenses and disbursements. Add lines 24 and 25					
27 Subtract line 26 from line 12: a Excess of revenue over expenses and disbursements b Net investment income (if negative, enter -0-) c Adjusted net income (if negative, enter -0-)					

18 g4

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	1 Cash—non-interest-bearing	238,713.86	45,185.19	
	2	2 Savings and temporary cash investments			
	3	3 Accounts receivable ►			
		Less: allowance for doubtful accounts ►			
	4	4 Pledges receivable ►			
		Less: allowance for doubtful accounts ►			
	5	5 Grants receivable			
	6	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7	7 Other notes and loans receivable (attach schedule) ►			
		Less: allowance for doubtful accounts ►			
	8	8 Inventories for sale or use			
	9	9 Prepaid expenses and deferred charges			
	10a	10a Investments—U.S. and state government obligations (attach schedule)	4,849,414.63	3,757,310.99	
	b	b Investments—corporate stock (attach schedule)			
	c	c Investments—corporate bonds (attach schedule)			
	11	11 Investments—land, buildings, and equipment: basis ►			
	Less: accumulated depreciation (attach schedule) ►				
12	12 Investments—mortgage loans				
13	13 Investments—other (attach schedule)				
14	14 Land, buildings, and equipment: basis ►				
	Less: accumulated depreciation (attach schedule) ►				
15	15 Other assets (describe ►)				
16	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	5,098,178.48	3,807,496.18		
Liabilities	17	17 Accounts payable and accrued expenses			
	18	18 Grants payable			
	19	19 Deferred revenue			
	20	20 Loans from officers, directors, trustees, and other disqualified persons			
	21	21 Mortgages and other notes payable (attach schedule)			
	22	22 Other liabilities (describe ►)			
	23	23 Total liabilities (add lines 17 through 22)	—	—	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24	24 Unrestricted			
	25	25 Temporarily restricted			
	26	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 27 through 31.				
	27	27 Capital stock, trust principal, or current funds			
	28	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	29 Retained earnings, accumulated income, endowment, or other funds			
	30	30 Total net assets or fund balances (see page 17 of the instructions)	5,098,178.48	3,807,496.18	
	31	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	5,098,178.48	3,807,496.18	
			5,098,178.48	3,807,496.18	
			5,098,178.48	3,807,496.18	
			5,098,178.48	3,807,496.18	

Part III Analysis of Changes in Net Assets or Fund Balances

1	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)	5,098,178.48
2	2 Enter amount from Part I, line 27a	(1,251,185.19)
3	3 Other increases not included in line 2 (itemize) ►	—
4	4 Add lines 1, 2, and 3	3,846,943.29
5	5 Decreases not included in line 2 (itemize) ► <i>NET CHANGE in UNREALIZED GAIN/LOSS</i>	44,447.11
6	6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	3,807,496.18

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.)	
a					
b					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a					
b	SCHEDULE ATTACHED		(1,778,399.54)		
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69					
(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	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
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	(1,778,399.54)
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	(538,612.27)

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see 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))
2007	155,663	4,005,051	.038867
2006	135,000	3,480,686	.038785
2005			
2004			
2003			
2 Total of line 1, column (d)			2 .077657
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 .038816
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5			4 3,911,237
5 Multiply line 4 by line 3			5 151,858
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 1,718
7 Add lines 5 and 6			7 153,586
8 Enter qualifying distributions from Part XII, line 4			8 195,000
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.			

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)1a 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 foundations that meet the section 4940(e) requirements in Part V, check here ► and enter 1% of Part I, line 27b

c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)

2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)

3 Add lines 1 and 2

4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)

5 **Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-

6 Credits/Payments:

a 2008 estimated tax payments and 2007 overpayment credited to 2008

6a 24,667 76

b Exempt foreign organizations—tax withheld at source

6b -

c Tax paid with application for extension of time to file (Form 8868)

6c -

d Backup withholding erroneously withheld

6d -

7 Total credits and payments. Add lines 6a through 6d

7 24,667 76

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 11,934 70

11 Enter the amount of line 10 to be: Credited to 2009 estimated tax ► 11,934.70 | Refunded ►

11

Part VII-A Statements Regarding Activities

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

Yes No

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)?

1b *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 foundation in connection with the activities.*

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

1c

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:

(1) On the foundation. ► \$ _____ (2) On foundation managers. ► \$ _____

e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ _____

2 Has the foundation engaged in any activities that have not previously been reported to the IRS?

2 *If "Yes," attach a detailed description of the activities.*

3 Has the foundation 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

3

4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?

MA

b If "Yes," has it filed a tax return on Form 990-T for this year?

4a

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?

4b *If "Yes," attach the statement required by General Instruction T.*

6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:

5

• By language in the governing instrument, or

6

• 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

7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.

8a

8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ►

8b

b If the answer is "Yes" to line 7, has the foundation 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

9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2008 or the taxable year beginning in 2008 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV

10

10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses

Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions) 11 ✓

12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008? 12 ✓

13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► 13 ✓

14 The books are in care of ► DUDLEY & SHANLEY LLC Telephone no. ► 732-936-1022
Located at ► 130 MAPLE AVE., SUITE 6, RED BANK, NJ ZIP+4 ► 07701-1129

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year ► 15

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 foundation (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 foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) 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 ✓
Organizations relying on a current notice regarding disaster assistance check here ►

c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2008? 1c ✓

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

a At the end of tax year 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? Yes No
If "Yes," list the years ► 20 ..., 20 ..., 20 ..., 20 ...

b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 20 of the instructions.) 2b ✓

c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.
► 20 ..., 20 ..., 20 ..., 20 ...

3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? Yes No

b If "Yes," did it have excess business holdings in 2008 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2008) 3b ✓

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

b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2008? 4b ✓

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

5a	During the year did the foundation pay or incur any amount to:		
(1)	Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(2)	Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(3)	Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)? (see page 22 of the instructions)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	5b	
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? <i>N/A</i> <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach the statement required by Regulations section 53.4945–5(d).		
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If you answered "Yes" to 6b, also file Form 8870.	<i>N/A</i>	6b
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	<i>N/A</i>	7b

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 22 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
<i>SCHEDULE A ATTACHED</i>				
.....				
.....				
.....				
.....				
.....				

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 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
<i>DONE</i>				
.....				
.....				
.....				
.....				
.....				

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

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

3 Five highest-paid independent contractors for professional services (see page 23 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		

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 - NO DIRECT CHARITABLE ACTIVITIES	
2		
3		
4		

Part IX-B Summary of Program-Related Investments (see page 23 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	N/A - NO PROGRAM-RELATED INVESTMENTS	
2		
3	All other program-related investments. See page 24 of the instructions	
Total. Add lines 1 through 3		►

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 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	3,910,799
b	Average of monthly cash balances (Money market in securities)	1b	
c	Fair market value of all other assets (see page 24 of the instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	3,910,799
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	3,910,799
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	59,569
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,911,237
6	Minimum investment return. Enter 5% of line 5	6	195,561

Part XI Distributable Amount (see page 25 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	195,561
2a	Tax on Investment Income for 2008 from Part VI, line 5	2a	1,718
b	Income tax for 2008. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,718
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	193,834
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	193,834
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	193,834

Part XII Qualifying Distributions (see page 25 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	195,000
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	195,000
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	1,718
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	193,271

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 26 of the instructions)

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				193,324
2 Undistributed income, if any, as of the end of 2007:				
a Enter amount for 2007 only				
b Total for prior years: 20 ____ ,20 ____ ,20 ____				
3 Excess distributions carryover, if any, to 2008:				
a From 2003				
b From 2004				
c From 2005				
d From 2006				
e From 2007				
f Total of lines 3a through e		9,377		
4 Qualifying distributions for 2008 from Part XII, line 4: ► \$ <u>193,000</u>				
a Applied to 2007, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2008 distributable amount				193,834
e Remaining amount distributed out of corpus		1,166		
5 Excess distributions carryover applied to 2008. (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:		10,488		
a Corpus. Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions				
e Undistributed income for 2007. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				
f Undistributed income for 2008. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2009				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2003 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a		10,488		
10 Analysis of line 9:				
a Excess from 2004				
b Excess from 2005				
c Excess from 2006		5,237		
d Excess from 2007		4,085		
e Excess from 2008		1,166		

Part XIV **Private Operating Foundations** (see page 27 of the instructions and Part VII-A, question 9)

N/A - NOT AN OPERATING
FOUNDATION

Part XV **Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 27 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).)

ELISABETH C. DUDLEY, HENRY C. DUDLEY

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.

Worship of
None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ► if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 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:

6. 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 Paid during the year				
HIGHSTEAD FOUNDATION, INC. PO Box 1097 REDDING, CT 06875		501(c)(3) Operating	SCIENTIFIC RESEARCH, EDUCATIONAL OPERATION OF AN ARBORETUM	195,000.00
Total				► 3a 195,000.00
b Approved for future payment				
Total				► 3b 101

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514	(e) Related or exempt function income (See page 28 of the instructions.)
		(a) Business code	(b) Amount	(c) Exclusion code	
1	Program service revenue:				
a					
b					
c					
d					
e					
f					
g	Fees and contracts from government agencies				
2	Membership dues and assessments				
3	Interest on savings and temporary cash investments				
4	Dividends and interest from securities				
5	Net rental income or (loss) from real estate:				
a	Debt-financed property				
b	Not debt-financed property				
6	Net rental income or (loss) from personal property				
7	Other investment income				
8	Gain or (loss) from sales of assets other than inventory				
9	Net income or (loss) from special events				
10	Gross profit or (loss) from sales of inventory				
11	Other revenue: a _____				
b	_____				
c	_____				
d	_____				
e	_____				
12	Subtotal. Add columns (b), (d), and (e)				
13	Total. Add line 12, columns (b), (d), and (e) (See worksheet in line 13 instructions on page 28 to verify calculations.)				13 <i>NONE</i>

Part XVI-B Relationship of Activities to t

Line No. Explain below how each activity fits into the relationship of activities.

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

13

None

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

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

	Yes	No
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 foundation to a noncharitable exempt organization of:		
(1) Cash	1a(1)	✓
(2) Other assets	1a(2)	✓
b Other transactions:		
(1) Sales of assets to a noncharitable exempt organization	1b(1)	✓
(2) Purchases of assets from a noncharitable exempt organization	1b(2)	✓
(3) Rental of facilities, equipment, or other assets	1b(3)	✓
(4) Reimbursement arrangements	1b(4)	✓
(5) Loans or loan guarantees	1b(5)	✓
(6) Performance of services or membership or fundraising solicitations	1b(6)	✓
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	✓
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 foundation. If the foundation 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.		

2a Is the foundation 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.

Signature of officer or trustee

~~✓~~ Date

>Title

Sign Here Paid Preparer's Use Only	Preparer's signature	09/10/2010	Date	09/10/2010	Check if self-employed <input checked="" type="checkbox"/>	Preparer's identifying number (see Signature on page 30 of the instructions)
	John McGLINCHY, JR, CPA P O BOX 245, GLEN HEAD, NY 11545-0245	03:0381118	EIN	071-36-1644	Phone no. (516) 759-0773	

**The Highstead Fund, Inc.
Form 990-PF**

**20-5823379
Fiscal Year Ended July 31, 2009**

Part I, Line 16c	
Other professional fees	
Investment management fees	<u>24,081.00</u>
 Part I, Line 18	
Taxes	
Foreign income tax on dividends	<u>2,248.54</u>
	<u>2,248.54</u>
 Part I, Line 23	
Other expenses	
Bank custody fee	2,788.65
Miscellaneous	85.20
	<u>2,873.85</u>

Part IV - Capital Gains & Losses
REALIZED GAINS AND LOSSES
Highstead Fund Inc.
20-592-3379

From 08-01-08 Through 07-31-09

Open Date	Close Date	Quantity	Security	Gain Or Loss		
				Cost Basis	Proceeds	Short Term Long Term
12-07-06	10-03-08	80	Allied Capital Corp.	2,557.12	642.02	-1,915.10
12-07-06	12-01-08	490	Allied Capital Corp.	15,662.36	1,350.97	-14,311.39
12-21-07	12-01-08	1,450	Allied Capital Corp.	31,983.96	3,997.77	-27,986.19
04-25-08	12-01-08	3,050	Allied Capital Corp.	60,159.12	8,409.11	-51,750.01
12-07-06	12-02-08	3,780	Allied Capital Corp.	120,823.92	7,925.85	-112,898.07
04-25-08	12-22-08	920	Health Care REIT Inc	45,964.95	35,997.00	-9,967.95
04-25-08	12-23-08	380	Health Care REIT Inc	18,985.52	14,818.01	-4,167.51
12-12-06	01-16-09	220	Bank of America Corp.	11,437.80	1,570.42	-9,867.38
12-12-06	01-16-09	2,430	Bank of America Corp.	126,335.70	17,698.08	-108,637.62
12-21-07	01-16-09	650	Bank of America Corp.	26,912.99	4,734.05	-22,178.94
04-25-08	01-16-09	2,000	Bank of America Corp.	76,670.00	14,566.32	-62,103.68
10-07-08	01-16-09	1,000	Bank of America Corp.	27,398.60	7,283.16	-20,115.44
12-07-06	02-19-09	4,100	Cemex S.A.B.	132,262.72	26,915.12	-105,347.60
04-25-08	02-19-09	2,000	Cemex S.A.B.	56,172.00	13,129.32	-43,042.68
06-08-07	02-19-09	100	Cemex S.A.B.	0.00	656.47	656.47
06-05-08	02-19-09	224	Cemex S.A.B.	0.00	1,470.48	1,470.48
04-25-08	02-19-09	2,000	Dow Chemical Co.	81,167.00	16,691.50	-64,475.50
12-07-06	02-19-09	3,350	Dow Chemical Co.	134,056.28	27,958.27	-106,098.01
04-25-08	02-20-09	200	Diageo PLC	16,371.34	9,899.94	-6,471.40
04-25-08	02-20-09	580	Unilever NV	19,253.16	11,304.13	-7,949.03
04-25-08	02-24-09	1,480	JP Morgan Chase	70,452.44	29,539.45	-40,912.99
12-07-06	02-24-09	2,800	JP Morgan Chase	130,736.48	55,885.45	-74,851.03
04-25-08	03-30-09	880	AT&T, Inc.	33,855.10	22,067.72	-11,787.38
04-25-08	03-30-09	1,900	Verizon Comm.	70,084.73	56,932.99	-13,151.74
04-25-08	04-02-09	1,700	Ford Motor Cap Tr II	59,005.98	14,211.24	-44,794.74
04-25-08	04-03-09	1,800	HCP, Inc.	69,012.00	35,722.78	-33,289.22
12-07-06	04-03-09	3,300	HCP, Inc.	120,407.43	65,491.76	-54,915.67
12-21-07	04-03-09	700	HCP, Inc.	22,134.00	13,892.19	-8,241.81
04-25-08	04-06-09	210	Ford Motor Cap Tr II	7,288.97	2,322.10	-4,966.87
12-07-06	04-06-09	3,090	Ford Motor Cap Tr II	105,349.22	34,168.10	-71,181.12

REALIZED GAINS AND LOSSES

Highstead Fund Inc.

20-581337

From 08-01-08 Through 07-31-09

Open Date	Close Date	Quantity	Security	Cost		Proceeds	Gain Or Loss	
				Basis	Short Term		Long Term	
06-03-08	05-29-09	6,650	US Bancorp	217,526.82	124,376.40	<u>-93,150.42</u>		
TOTAL GAINS						<u>1,470.48</u>		<u>656.47</u>
TOTAL LOSSES						<u>-540,082.75</u>		<u>-690,443.74</u>
TOTAL REALIZED GAIN/LOSS						<u>-538,612.27</u>		<u>-689,787.27</u>
NO CAPITAL GAINS DISTRIBUTIONS								
TOTAL REALIZED GAIN/LOSS						-1,228,399.54		

**The Highstead Fund, Inc.
Form 990-PF**

**20-5823379
Fiscal Year Ended July 31, 2009**

Part VIII, Line 1

**List of all officers, directors, trustees, foundation managers and their compensation
(Note: All officers, directors, trustees, foundation managers are part time.)**

<u>Name and Address</u>	<u>Title and Avg. Hours Per Week</u>	<u>Compensation</u>	<u>Contributions to Employee Plans</u>	<u>Expense Account & Other Allowances</u>
Elisabeth C. Dudley c/o Dudley & Shanley, LLC 130 Maple Avenue, Suite 6 Red Bank, NY 07701-1729	Director	None	None	None
Henry C. Dudley c/o Dudley & Shanley, LLC 130 Maple Avenue, Suite 6 Red Bank, NY 07701-1729	President, CEO Director	None	None	None
Sarah Dudley Plimpton c/o Dudley & Shanley, LLC 130 Maple Avenue, Suite 6 Red Bank, NY 07701-1729	Director	None	None	None
Jane C. Dudley c/o Dudley & Shanley, LLC 130 Maple Avenue, Suite 6 Red Bank, NY 07701-1729	Director	None	None	None
Anthony J. Carroll c/o Dudley & Shanley, LLC 130 Maple Avenue, Suite 6 Red Bank, NY 07701-1729	Secretary	None	None	None
Christiane McNamara c/o Dudley & Shanley, LLC 130 Maple Avenue, Suite 6 Red Bank, NY 07701-1729	Asst. Treasurer Asst. Secretary	None	None	None
Frank E. Shanley c/o Dudley & Shanley, LLC 130 Maple Avenue, Suite 6 Red Bank, NY 07701-1729	Vice-President Treasurer Director	None	None	None
David R. Foster c/o Dudley & Shanley, LLC 130 Maple Avenue, Suite 6 Red Bank, NY 07701-1729	Director	None	None	None

**The Highstead Fund, Inc.
FORM 990PF, FYE 7/31/2009
PAGE 8, PART X, LINE 1
FMV OF SECURITIES**

Date	FMV of Investments Bank of NY
1-Aug	5,098,128.49
29-Aug	5,149,974.31
30-Sep	4,982,375.49
31-Oct	4,288,963.97
30-Nov	3,932,194.06
31-Dec	4,005,834.15
31-Jan	3,522,832.40
28-Feb	3,046,549.58
31-Mar	3,228,678.55
30-Apr	3,361,791.53
31-May	3,596,501.23
30-Jun	3,604,063.89
31-Jul	3,802,496.19
	<u>51,620,383.84</u>

Averages.

	Sum of Individual <u>Balances</u>	Divided by 13
Investments:	<u>51,620,383.84</u>	<u>3,970,798.76</u>