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

2009

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

For calendar year 2009, or tax year beginning

, 2009, and ending

G Check all that apply Initial return Initial Return of a former public charity
 Amended return Address change Name change

Use the
IRS label
Otherwise,
print
or type
See Specific
Instructions

Knapp Educational Fund, Inc.
P. O. Box 0
St. Michaels, MD 21663

A Employer identification number
13-2970128
B Telephone number (see the instructions)
410-745-5660
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 ►
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 ►

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, column (c), line 16) **\$ 5,662,145.** J Accounting method Cash Accrual
 Other (specify) _____

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 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	EXPENSES
1	Contributions, gifts, grants etc. received (att sch)					
2	Ck ► <input checked="" type="checkbox"/> if the foundn is not req to att Sch B					
3	Interest on savings and temporary cash investments	85.	85.	N/A		
4	Dividends and interest from securities	130,099.	130,099.			
5a	Gross rents					
b	Net rental income or (loss)					
6a	Net gain/(loss) from sale of assets not on line 10	365,796.				
b	Gross sales price for all assets on line 6a	512,273.				
7	Capital gain net income (from Part IV, line 2)		365,796.			
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/(loss) (att sch)					
11	Other income (attach schedule)					
12	Total. Add lines 1 through 11	495,980.	495,980.			
13	Compensation of officers, directors, trustees, etc	13,000.				13,000.
14	Other employee salaries and wages					
15	Pension plans, employee benefits					
16a	Legal fees (attach schedule)					
b	Accounting fees (attach sch) See St 1	4,500.	2,250.			2,250.
c	Other prof fees (attach sch) See St 2	42,099.	29,500.			12,599.
17	Interest					
18	Taxes (attach schedule) (see instr) See Stmt 3	9,710.	94.			
19	Depreciation (attach sch) and depletion					
20	Occupancy					
21	Travel, conferences, and meetings					
22	Printing and publications					
23	Other expenses (attach schedule) See Statement 4	4,424.	552.			3,872.
24	Total operating and administrative expenses. Add lines 13 through 23	73,733.	32,396.			31,721.
25	Contributions, gifts, grants paid Part XV	479,934.				479,934.
26	Total expenses and disbursements. Add lines 24 and 25	553,667.	32,396.			511,655.
27	Subtract line 26 from line 12:					
a	Excess of revenue over expenses and disbursements	-57,687.				
b	Net investment income (if negative, enter -0-)		463,584.			
c	Adjusted net income (if negative, enter -0-)					

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end of year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1	Cash – non-interest-bearing	126,401.	24,427.	24,427
	2	Savings and temporary cash investments	2,734,026.	2,138,061.	2,138,061.
	3	Accounts receivable ►	2,091.		
		Less allowance for doubtful accounts ►		2,091.	2,091.
	4	Pledges receivable ►			
		Less allowance for doubtful accounts ►			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions)			
	7	Other notes and loans receivable (attach sch) ►			
		Less allowance for doubtful accounts ►			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges		7,128.	7,128.
	10a	Investments – U S and state government obligations (attach schedule)			
	b	Investments – corporate stock (attach schedule) Statement 5	1,349,870.	1,969,458.	3,302,147.
	c	Investments – corporate bonds (attach schedule) Statement 6	24,900.	25,767.	22,969.
	11	Investments – land, buildings, and equipment basis ►			
		Less accumulated depreciation (attach schedule) ►			
	12	Investments – mortgage loans			
	13	Investments – other (attach schedule) Statement 7	200,002.	200,002.	165,322.
	14	Land, buildings, and equipment basis ►	2,687.		
		Less accumulated depreciation (attach schedule) See Stmt 8 ►	2,687.		
	15	Other assets (describe ►)			
	16	Total assets (to be completed by all filers – see instructions Also, see page 1, item I)	4,435,199.	4,366,934.	5,662,145.
LIABILITIES	17	Accounts payable and accrued expenses	13,250.	14,000.	
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ►)	11,328.		
	23	Total liabilities (add lines 17 through 22)	24,578.	14,000.	
NET FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ►				
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ►				
	27	Capital stock, trust principal, or current funds	1,511,981.	1,511,981.	
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	2,898,640.	2,840,953.	
	30	Total net assets or fund balances (see the instructions)	4,410,621.	4,352,934.	
	31	Total liabilities and net assets/fund balances (see the instructions)	4,435,199.	4,366,934.	

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	4,410,621.
2	Enter amount from Part I, line 27a	2	-57,687.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	4,352,934.
5	Decreases not included in line 2 (itemize) ►	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	4,352,934.

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 shares MLC Company)			(b) How acquired P — Purchase D — Donation	(c) Date acquired (month day year)	(d) Date sold (month day year)
1a See Statement 9					
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					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h)) gain minus column (k), but not less than -0- or Losses (from column (h))		
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (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	365,796.	
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 the instructions) If (loss), enter -0- in Part I, line 8		3	5.	

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 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 (column (b) divided by column (c))
2008	450,413.	6,130,412.	0.073472
2007	543,635.	6,652,868.	0.081714
2006	1,869,687.	5,665,970.	0.329985
2005	1,735,597.	6,110,967.	0.284013
2004	568,270.	6,781,010.	0.083803

2 Total of line 1, column (d)	2	0.852987
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	0.170597
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	5,208,831.
5 Multiply line 4 by line 3	5	888,611.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	4,636.
7 Add lines 5 and 6	7	893,247.
8 Enter qualifying distributions from Part XII, line 4	8	511,655.

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 the instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter 'N/A' on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary - see instr.)	1	9,272.
• b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> 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, column (b)		
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-) 0.	2	0.
3 Add lines 1 and 2 9,272.	3	9,272.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-) 0.	4	0.
5 Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0- 9,272.	5	9,272.
6 Credits/Payments		
• a 2009 estimated tax pmts and 2008 overpayment credited to 2009 16,400.	6a	16,400.
• b Exempt foreign organizations – tax withheld at source	6b	0.
• c Tax paid with application for extension of time to file (Form 8868)	6c	0.
• d Backup withholding erroneously withheld	6d	0.
7 Total credits and payments Add lines 6a through 6d 16,400.	7	16,400.
8 Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> 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 0.	9	0.
10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid 7,128.	10	7,128.
11 Enter the amount of line 10 to be Credited to 2010 estimated tax ► 7,128. Refunded 0.	11	0.

Part VII-A Statements Regarding Activities

1 a 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? X

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

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?

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year
(1) On the foundation ► \$ 0. (2) On foundation managers ► \$ 0.

e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ 0.

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

If 'Yes,' attach a detailed description of the activities

3 Has the 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

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

b If 'Yes,' has it filed a tax return on Form 990-T for this year?

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

If 'Yes,' attach the statement required by General Instruction T

6 Are the requirements of section 508(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?

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

8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) ► DE MD

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 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 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If 'Yes,' complete Part XIV

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

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 instructions)	11	X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12	X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	13	X
14	The books are in care of ► Knapp Educational Fund, Inc. Telephone no ► 410-745-5660 Located at ► PO Box O St. Michaels MD ZIP + 4 ► 21663		
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 N/A ► 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.

1a	During the year did the foundation (either directly or indirectly)	Yes	No
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(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)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(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)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1b	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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>		X
1c	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 2009?		X
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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? If 'Yes,' list the years ► 20__ , 20__ , 20__ , 20__	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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 the instructions)		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b	If 'Yes,' did it have excess business holdings in 2009 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 2009)		
3b			N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		X
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 2009?		
4b			X

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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))?

 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)? (see instructions)

 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 instructions)?

5b N/A

Organizations relying on a current notice regarding disaster assistance check here ► N/A Yes No

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?

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? Yes No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

6b X

If 'Yes' to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

7b N/A

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 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
Antoinette Vojvoda P. O. Box 0 St. Michaels, MD 21663	President 2.00	0.	0.	0.
Steven F. Capranica PO Box 0 St. Michaels, MD 21663	Treasurer 7.00	13,000.	0.	0.
Ruth Capranica PO Box 0 St. Michaels, MD 21663	V Pres/Secrt 3.00	0.	0.	0.
Sylvia V. Penny PO Box 0 St. Michaels, MD 21663	Trustee 0	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1 – see 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				

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

0

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 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

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.

1	N/A	
2		
3		
4		

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

1	<u>N/A</u>
2	

All other program-related investments See instructions.

3 _____

Total. Add lines 1 through 3 ► **0**

Total. Add lines 1 through 3

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BAA

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	3,041,802.
b Average of monthly cash balances	1b	2,246,351.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	5,288,153.
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	5,288,153.
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	79,322.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	5,208,831.
6 Minimum investment return. Enter 5% of line 5	6	260,442.

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	260,442.
2a Tax on investment income for 2009 from Part VI, line 5	2a	9,272.
b Income tax for 2009 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	9,272.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	251,170.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	251,170.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	251,170.

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	511,655.
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	511,655.
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 instructions)	5	
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	511,655.

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 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				251,170
2 Undistributed income, if any, as of the end of 2009			0.	
a Enter amount for 2008 only		0.		
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005				
c From 2006				
d From 2007	203,836.			
e From 2008	160,020.			
f Total of lines 3a through e	363,856.			
4 Qualifying distributions for 2009 from Part XII, line 4 ► \$ 511,655.			0.	
a Applied to 2008, but not more than line 2a				
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 2009 distributable amount				251,170.
e Remaining amount distributed out of corpus	260,485.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:	624,341.			
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 2008 Subtract line 4a from line 2a Taxable amount – see instructions			0.	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	624,341.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007	203,836.			
d Excess from 2008	160,020.			
e Excess from 2009	260,485.			

Part XV **Supplementary Information (continued)****3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	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
<i>a Paid during the year</i> See Statement 11				
Total				► 3a 479,934.
<i>b Approved for future payment</i>				
Total				► 3b

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
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			14	85.	
4 Dividends and interest from securities			14	130,099.	
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			18	365,796.	
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)				495,980.	
13 Total Add line 12, columns (b), (d), and (e)			13		495,980.
(See worksheet in the instructions for line 13 to verify calculations)					

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See the instructions)
N/A	

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 foundation to a noncharitable exempt organization of

- (1) Cash
- (2) Other assets

- (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

	Yes	No
1a (1)		X
1a (2)		X
1b (1)		X
1b (2)		X
1b (3)		X
1b (4)		X
1b (5)		X
1b (6)		X
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 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.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

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
N/A		

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 ► Entomach O. Vazquez
Signature of officer or trustee

5/13/2010 ► President
Date Title

Date _____ Title _____

Paid Pre- parer's Use Only	Preparer's signature	► 	Date	Preparer's Identifying number (See Signature in the instrs)
	Firm's name (or yours if self- employed), address, and ZIP code	► Jacqueline K. Lorsong, CPA 13890 Rover Mill Road West Friendship, MD 21794	5/05/10	Check if self employed ► <input checked="" type="checkbox"/> N/A EIN ► N/A Phone no ► 301-854-5003

BAA

Knapp Educational Fund, Inc.

13-2970128

Statement 1
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
J. K. Lorsong & Company, CPA	\$ 4,500.	\$ 2,250.		\$ 2,250.
Total	<u>\$ 4,500.</u>	<u>\$ 2,250.</u>		<u>\$ 2,250.</u>

Statement 2
Form 990-PF, Part I, Line 16c
Other Professional Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Capra Enterprises, Inc.-Investment mgmt	\$ 29,500.	\$ 29,500.		
Natalie Peardon-Scholarship consultant	12,599.			\$ 12,599.
Total	<u>\$ 42,099.</u>	<u>\$ 29,500.</u>		<u>\$ 12,599.</u>

Statement 3
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Foreign tax withheld on dividends	\$ 94.	\$ 94.		
U S Excise tax-Form 990PF	9,616.			
Total	<u>\$ 9,710.</u>	<u>\$ 94.</u>		<u>\$ 0.</u>

Statement 4
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Bank charges	\$ 10.			\$ 10.
Corporate fee	341.			341.
Insurance	3,019.			3,019.
Investment expense	552.	\$ 552.		
Office expense	106.			106.
Postage	396.			396.
Total	<u>\$ 4,424.</u>	<u>\$ 552.</u>		<u>\$ 3,872.</u>

Statement 5
Form 990-PF, Part II, Line 10b
Investments - Corporate Stocks

<u>Corporate Stocks</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
1420 Abbott Laboratories	Cost	\$ 14,693.	\$ 76,666.
8540 AFLAC	Cost	4,954.	394,975.
4214 Coca Cola	Cost	23,609.	240,198.
1800 E I DuPont DeNemour & Co	Cost	29,560.	60,606.
1200 Walt Disney Co	Cost	9,549.	38,700.
2220 Exxon Mobil	Cost	8,632.	151,382.
1200 FPL Group	Cost	13,621.	63,384.
8065 General Electric	Cost	76,934.	122,023.
500 Hewlett Packard	Cost	14,137.	25,755.
280 Minnesota Mining & Manufacturing	Cost	5,588.	23,148.
2400 Walgreen Co	Cost	9,854.	88,128.
705 Chevron Corporation	Cost	35,752.	54,278.
48110 Oppenheimer Limited Term A	Cost	475,603.	441,651.
2695 Pfizer, Inc.	Cost	26,202.	49,022.
600 Schlumberger Ltd	Cost	14,688.	39,054.
266 Allete Inc Com New	Cost	2,506.	8,693.
142 Hospira Inc	Cost	1,012.	7,242.
391.25 NCR Corporation	Cost	0.	4,355.
4410 Altria Group Inc	Cost	76,945.	86,568.
540 Duke Energy Corp	Cost	10,262.	9,293.
565 Freeport McMoran Copper & Gold	Cost	25,183.	45,364.
485 Raytheon Co	Cost	0.	0.
300 Schering Plough Corp	Cost	0.	0.
375 Spectra Energy Corp	Cost	0.	0.
2000 GE Cap Corp 6%	Cost	50,004.	48,360.
1000 Wachovia Cap Tr 6.375% Pfd	Cost	25,004.	22,010.
391 Teradata	Cost	0.	0.
1000 Allianz Societas Europaea	Cost	25,004.	25,620.
1440 Annaly Cap Management Inc	Cost	26,968.	24,984.
1190 BP Plc	Cost	61,578.	68,984.
845 Black & Decker	Cost	35,744.	54,781.
990 Bristol Myers Squibb	Cost	20,474.	24,998.
775 Deere & Co	Cost	30,243.	41,920.
240 Eaton Corp	Cost	10,264.	15,269.
2775 El Paso Corp	Cost	35,413.	27,278.
15 Fairpoint Communications Inc	Cost	126.	0.
365 Pepsico Inc	Cost	25,655.	22,192.
560 Philip Morris Intl Inc	Cost	28,917.	26,986.
150 Procter & Gamble	Cost	9,825.	9,095.
1025 Quanta Svcs Inc	Cost	0.	0.
525 Southwestern Energy	Cost	0.	0.
215 V F Corp	Cost	10,289.	15,747.
815 Verizon Communications	Cost	30,346.	27,001.
885 Wal Mart Stores Inc	Cost	51,675.	47,303.
1910 Yamana Gold Inc	Cost	30,870.	21,736.
835 Bank of America	Cost	10,204.	12,575.
125 Celgene Corporation	Cost	5,155.	6,960.
1180 ConocoPhillips	Cost	50,667.	60,263.
600 Emerson Electric Co	Cost	20,121.	25,560.
1765 Ingersoll Rand PLC	Cost	34,585.	63,081.
575 Johnson Controls Inc	Cost	15,417.	15,663.
173 Merck & Co Inc	Cost	5,224.	6,321.
510 Unilever NV	Cost	10,200.	16,488.
2350 Wells Fargo & Co	Cost	24,153.	63,427.
27497 Putnam Diversified Income Trust Fu	Cost	200,008.	217,224.

Statement 5 (continued)
Form 990-PF, Part II, Line 10b
Investments - Corporate Stocks

<u>Corporate Stocks</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
540 iShares S&P Growth Index Fund	Cost	\$ 25,055.	\$ 31,315.
480 iShares S&P Value Index Fund	Cost	\$ 20,234.	\$ 25,445.
400 iShares Tr Russell 1000 Index Fund	Cost	\$ 19,708.	\$ 24,524.
400 iShares Tr Dow Jones U S Utils Secto	Cost	\$ 24,810.	\$ 29,916.
1390 iShares Tr Dow Jones U S Real Estat	Cost	\$ 44,973.	\$ 63,829.
2150 iShares Tr S&P U S Pfd Stk	Cost	\$ 66,127.	\$ 78,905.
55 SPDR Gold Tr Gold Shs	Cost	\$ 5,134.	\$ 5,902.
		Total \$ 1,969,458.	\$ 3,302,147.

Statement 6
Form 990-PF, Part II, Line 10c
Investments - Corporate Bonds

<u>Corporate Bonds</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
25000 Morgan Stanley Dean Witter Discove	Cost	\$ 25,767.	\$ 22,969.
	Total	\$ 25,767.	\$ 22,969.

Statement 7
Form 990-PF, Part II, Line 13
Investments - Other

<u>Other Publicly Traded Securities</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
20285 Ft Unit 1310 Preferred Incom	Cost	\$ 200,002.	\$ 165,322.
	Total	\$ 200,002.	\$ 165,322.

Statement 8
Form 990-PF, Part II, Line 14
Land, Buildings, and Equipment

<u>Category</u>	<u>Basis</u>	<u>Accum. Deprec.</u>	<u>Book Value</u>	<u>Fair Market Value</u>
Machinery and Equipment	\$ 2,687.	\$ 2,687.	\$ 0.	\$ 0.
Total	\$ 2,687.	\$ 2,687.	\$ 0.	\$ 0.

Statement 9
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
1	4600 AFLAC Inc	Purchased	Various	10/06/2009
2	210 Altria Group Inc	Purchased	11/13/2007	3/26/2009
3	350 Altria Group Inc	Purchased	2/07/2008	3/26/2009
4	1000 Altria Group Inc	Purchased	4/29/2008	3/26/2009
5	440 Altria Group Inc	Purchased	8/08/2008	3/26/2009
6	1850 Coca Cola Co	Purchased	Various	10/06/2009
7	1470 Exxon Mobil	Purchased	Various	10/06/2009
8	325 Quanta Svcs	Purchased	5/16/2008	10/06/2009
9	700 Quanta Svcs	Purchased	11/17/2008	10/06/2009
10	235 Raytheon co	Purchased	11/06/2007	1/29/2009
11	250 Raytheon co	Purchased	11/13/2007	1/29/2009
12	126.99 Schering Plough Corp	Purchased	11/05/2007	11/05/2009
13	375 Spectra Energy Corp	Purchased	1/17/2007	1/29/2009
14	55 SPDR Gold Tr Corp	Purchased	3/05/2009	Various
15	525 Southwestern Energy	Purchased	6/06/2008	10/06/2009
16	391 Teradata Corp	Purchased	Various	1/29/2009
17	AIM Fair Fund	Purchased	6/09/2009	6/09/2009

Item	(e) Gross Sales	(f) Deprec. Allowed	(g) Cost Basis	(h) Gain (Loss)	(i) FMV 12/31/69	(j) Adj. Bas. 12/31/69	(k) Excess (i)-(j)	(l) Gain (Loss)
1	195,623.		2,668.	192,955.				\$ 192,955.
2	3,552.		4,696.	-1,144.				-1,144.
3	5,920.		7,994.	-2,074.				-2,074.
4	16,915.		20,669.	-3,754.				-3,754.
5	7,443.		9,351.	-1,908.				-1,908.
6	99,466.		4,791.	94,675.				94,675.
7	99,919.		5,715.	94,204.				94,204.
8	7,059.		10,191.	-3,132.				-3,132.
9	15,204.		10,254.	4,950.				4,950.
10	11,738.		15,369.	-3,631.				-3,631.
11	12,488.		15,484.	-2,996.				-2,996.
12	3,150.		3,834.	-684.				-684.
13	5,604.		10,255.	-4,651.				-4,651.
14	17.		0.	17.				17.
15	22,181.		25,206.	-3,025.				-3,025.
16	5,294.		0.	5,294.				5,294.
17	700.		0.	700.				700.
								Total \$ 365,796.

Statement 10
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

Name of Grant Program: Mrs. Antoinette Vojvoda
 Name: Mrs. Antoinette Vojvoda
 Care Of:
 Street Address: PO Box 0
 City, State, Zip Code: St. Michaels, MD 21663
 Telephone: 410-745-5660
 Form and Content: Detailed letter
 Submission Deadlines: None
 Restrictions on Awards: None

Statement 11
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found- ation Status	Purpose of Grant	Amount
South Dorchester High School 2475 Cambridge Bypass Cambridge, MD 21613	None		Student scholarship program	\$ 29,390.
Currituck County High School 4203 Caratoke Highway Barco, NC 27917	None		Student scholarship program	29,001.
Easton High School 723 Mecklenburg Avenue Easton, MD 21601	None		Student scholarship program	29,250.
Easton Rocks After School 7846 Woodland Circle Easton, MD 21601	None		One Time Restricted Grant Education Programs	23,700.
Kent Island High School 900 Love Point Road Stevensville, MD 21666	None		Student scholarship program	31,089.
North Dorchester High School 5875 Cloverdale Road Hurlock, MD 21643	None		Student scholarship program	31,800.
Queen Anne County High School 125 Ruthsburg Road Centreville, MD 21617	None		Student scholarship program	42,750.
St. Michaels High School 200 Seymour Avenue St. Michaels, MD 21663	None		Student scholarship program	14,750.
St. Michaels Community Center 103 Railroad Avenue St. Michaels, MD 21663	None		Computer equipment	5,600.
Radcliffe Creek School 201 Talbot Blvd Chestertown, MD 21620	None		Library acquisitions	5,800.
Talbot County Schools 12 Magnolia Street Easton, MD 21601	None		Equipment Grant - Laptop initiative	200,000.

Statement 11 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

<u>Name and Address</u>	<u>Donee Relationship</u>	<u>Found- ation Status</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Crisfield High School 210 N Somerset Avenue Crisfield, MD 21817	None		Student scholarship program	\$ 19,804.
Washington High School 10902 Old Princess Anne Road Princess Anne, MD 21853	None		Student scholarship program	17,000.
Total				\$ 479,934.