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

2009

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.

For calendar year **2009**, or tax year beginning _____, and ending _____

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation THE STEARNS FOUNDATION Number and street (or P O box number if mail is not delivered to street address) Room/suite 6902 THE PRESERVE TERRACE City or town, state, and ZIP code SAN DIEGO, CA 92130	A Employer identification number 20-3936786 B Telephone number 858-558-9200
H Check type of organization:	<input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation	C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 1,605,658. (Part I, column (d) must be on cash basis.)	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	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 <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)</small>	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received			N/A	
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	57,139.	37,365.		STATEMENT 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	92,269.			
b Gross sales price for all assets on line 6a 907,120.				
7 Capital gain net income (from Part IV, line 2)		92,269.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less. Cost of goods sold				
c Gross profit or (loss)				
11 Other income				
12 Total. Add lines 1 through 11	149,408.	129,634.		
13 Compensation of officers, directors, trustees, etc.	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees STMT 2	4,113.	411.		3,702.
c Other professional fees				
17 Interest				
18 Taxes STMT 3	160.	0.		10.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 4	9,633.	9,464.		169.
24 Total operating and administrative expenses. Add lines 13 through 23	13,906.	9,875.		3,881.
25 Contributions, gifts, grants paid	96,000.			96,000.
26 Total expenses and disbursements. Add lines 24 and 25	109,906.	9,875.		99,881.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	39,502.			
b Net investment income (if negative, enter -0-)		119,759.		
c Adjusted net income (if negative, enter -0-)			N/A	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	432,458.	99,329.	99,329.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations STMT 5	660,173.	423,137.	451,875.
	b Investments - corporate stock			
	c Investments - corporate bonds STMT 6	0.	281,763.	286,654.
11 Investments - land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
12 Investments - mortgage loans				
13 Investments - other STMT 7	433,828.	761,732.	767,800.	
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers)	1,526,459.	1,565,961.	1,605,658.	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)	0.	0.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
29 Retained earnings, accumulated income, endowment, or other funds	1,526,459.	1,565,961.		
30 Total net assets or fund balances	1,526,459.	1,565,961.		
31 Total liabilities and net assets/fund balances	1,526,459.	1,565,961.		

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 1,526,459.
2 Enter amount from Part I, line 27a	2 39,502.
3 Other increases not included in line 2 (itemize) ▶	3 0.
4 Add lines 1, 2, and 3	4 1,565,961.
5 Decreases not included in line 2 (itemize) ▶	5 0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6 1,565,961.

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 STATE STREET BANK & TRUST - SEE ATTACHMENT	P	VARIOUS	VARIOUS
b STATE STREET BANK & TRUST - SEE ATTACHMENT	P	VARIOUS	VARIOUS
c CAPITAL GAINS DIVIDENDS			
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 622,120.		577,814.	44,306.
b 284,068.		237,037.	47,031.
c 932.			932.
d			
e			

(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			44,306.
b			47,031.
c			932.
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	92,269.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8		3	N/A

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 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))
2008	169,063.	1,649,419.	.102499
2007	182,153.	1,883,725.	.096698
2006	117,512.	1,932,706.	.060802
2005	0.	23,660.	.000000
2004			

2 Total of line 1, column (d)	2	.259999
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	.065000
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	1,586,989.
5 Multiply line 4 by line 3	5	103,154.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,198.
7 Add lines 5 and 6	7	104,352.
8 Enter qualifying distributions from Part XII, line 4	8	99,881.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a 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 instructions)			
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		1	2,395.
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-)		2	0.
3 Add lines 1 and 2		3	2,395.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	2,395.
6 Credits/Payments:			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a		379.
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	379.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached		8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	2,016.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10	
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		11	

Part VII-A Statements Regarding Activities

	Yes	No
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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <i>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.</i>		X
c Did the foundation 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 foundation. \blacktriangleright \$ 0. (2) On foundation managers. \blacktriangleright \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. \blacktriangleright \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		X
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? <i>If "Yes," attach a conformed copy of the changes</i>		X
4a Did the foundation 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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		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?		
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) \blacktriangleright CA		
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? <i>If "No," attach explanation</i>	X	
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)? <i>If "Yes," complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		X

N/A

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)			X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>N/A</u>	X		
14	The books are in care of ► <u>LINDSAY & BROWNELL, LLP</u> Telephone no. ► <u>858-558-9200</u> Located at ► <u>4225 EXECUTIVE SQUARE, #1150, LA JOLLA, CA</u> ZIP+4 ► <u>92037</u>			
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. ► <u>15</u> 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 foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	N/A	1b
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 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(i)(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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► _____, _____, _____		
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 instructions.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	N/A	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. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No ► _____, _____, _____		
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"/> Yes <input checked="" type="checkbox"/> No		
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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	N/A	3b
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?		X

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)? 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)? **N/A**

Organizations relying on a current notice regarding disaster assistance check here

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? **N/A** Yes 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? Yes No

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

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? **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.

(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
ESTHER M. STEARNS 6902 THE PRESERVE TERRACE SAN DIEGO, CA 92130	DIRECTOR & PRESIDENT 0.25	0.	0.	0.
JAN COHN STEARNS 6902 THE PRESERVE TERRACE SAN DIEGO, CA 92130	DIRECTOR, SECRETARY & CFO 0.25	0.	0.	0.

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

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

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

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

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

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

Total number of others receiving over \$50,000 for professional services 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

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

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	1,288,903.
b	Average of monthly cash balances	1b	322,253.
c	Fair market value of all other assets	1c	0.
d	Total (add lines 1a, b, and c)	1d	1,611,156.
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	1,611,156.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	24,167.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,586,989.
6	Minimum investment return. Enter 5% of line 5	6	79,349.

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	79,349.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	2,395.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,395.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	76,954.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	76,954.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	76,954.

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	99,881.
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	99,881.
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	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	99,881.

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				76,954.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004				
b From 2005				
c From 2006	21,488.			
d From 2007	89,009.			
e From 2008	87,254.			
f Total of lines 3a through e	197,751.			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ \$ 99,881.				
a Applied to 2008, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2009 distributable amount				76,954.
e Remaining amount distributed out of corpus	22,927.			
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:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	220,678.			
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 instr.			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)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	220,678.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006	21,488.			
c Excess from 2007	89,009.			
d Excess from 2008	87,254.			
e Excess from 2009	22,927.			

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				
THE CHILDREN'S SCHOOL, 2225 TORREY PINES LANE, LA JOLLA, CA 92037	NONE	SCHOOL	GENERAL	46,000.
GOOD SAMARITAN EPISCOPAL CHURCH, 4321 EASTGATE MALL, SAN DIEGO, CA 92121	NONE	CHURCH	GENERAL	25,000.
CALIFORNIA STATE UNIVERSITY SAN MARCOS, 333 S. TWIN OAKS VALLEY RD, SAN MARCOS, CA 92096	NONE	SCHOOL	GENERAL	25,000.
Total				96,000.
b Approved for future payment				
NONE				
Total				0.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
STATE STREET BANK & TRUST - CAPITAL GAIN DISTRIBUTIONS	932.	932.	0.
STATE STREET BANK & TRUST - DIVIDENDS	15,008.	0.	15,008.
STATE STREET BANK & TRUST - INTEREST	42,131.	0.	42,131.
TOTAL TO FM 990-PF, PART I, LN 4	58,071.	932.	57,139.

FORM 990-PF ACCOUNTING FEES STATEMENT 2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	2,700.	270.		2,430.
BOOKKEEPING SERVICES	1,413.	141.		1,272.
TO FORM 990-PF, PG 1, LN 16B	4,113.	411.		3,702.

FORM 990-PF TAXES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL EXCISE TAX	150.	0.		0.
STATE TAX	10.	0.		10.
TO FORM 990-PF, PG 1, LN 18	160.	0.		10.

FORM 990-PF **OTHER EXPENSES** **STATEMENT 4**

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK FEES	963.	963.		0.
INVESTMENT MANAGEMENT FEES	8,501.	8,501.		0.
PRINTING & REPRODUCTION	12.	0.		12.
FILING FEES	137.	0.		137.
POSTAGE & DELIVERY	20.	0.		20.
TO FORM 990-PF, PG 1, LN 23	9,633.	9,464.		169.

FORM 990-PF **U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS** **STATEMENT 5**

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
STATE STREET BANK & TRUST COMPANY	X		423,137.	451,875.
TOTAL U.S. GOVERNMENT OBLIGATIONS			423,137.	451,875.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			423,137.	451,875.

FORM 990-PF **CORPORATE BONDS** **STATEMENT 6**

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
STATE STREET BANK & TRUST COMPANY - CORPORATE BONDS	281,763.	286,654.
TOTAL TO FORM 990-PF, PART II, LINE 10C	281,763.	286,654.

FORM 990-PF		OTHER INVESTMENTS		STATEMENT	7
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE		
STATE STREET BANK & TRUST COMPANY - OTHER FIXED INCOME	COST	761,732.	767,800.		
TOTAL TO FORM 990-PF, PART II, LINE 13		761,732.	767,800.		

2009 Tax Information Statement

Payer's Name and Address
 STATE STREET BANK & TRUST COMPANY
 WMS TAX DEPARTMENT
 PO BOX 5300
 BOSTON, MA 02206-5300

Recipient's Tax ID number 20-3936786
Payer's Federal ID number. 20-8007203
Questions? (800)392-9244
 Corrected 2nd TIN notice

Recipient's Name and Address
 THE STEARNS FOUNDATION
 6902 THE PRESERVE TERRACE
 SAN DIEGO, CA 92130

2009 Form 1099-B: Proceeds from Broker and Barter Exchange Transactions

OMB No 1545-0715

Reported to the IRS are Gross Proceeds less commissions and option premiums

Number of shares (Box 5)	CUSIP (Box 1b)	Description (Box 7)	Date Acquired	Date of Sale (Box 1a)	Stocks Bonds, etc. (Box 2)	Cost or other Basis	Net Gain or Loss	Federal Income Tax Withheld (Box 4)
Short Term Sales Reported on 1099-B								
2372 8810	354723272	FRANKLIN HIGH YIELD TAX FREE INC-AD	VARIOUS	10/13/2009	23,800 00	20,752 21	3,047 79	0 00
2376 9930	354723272	FRANKLIN HIGH YIELD TAX FREE INC-AD	VARIOUS	11/02/2009	23,484 69	20,728 39	2,756 30	0 00
6628 2420	922907845	VANGUARD HIGH-YIELD TAX-EXEMPT FUND	VARIOUS	10/13/2009	69,000 00	62,032 96	6,967 04	0 00
6557 1930	922907845	VANGUARD HIGH-YIELD TAX-EXEMPT FUND	VARIOUS	11/02/2009	67,276 80	61,212 67	6,064 13	0 00
36 6240	922907845	VANGUARD HIGH-YIELD TAX-EXEMPT FUND	03/27/2009	11/18/2009	375 03	341 70	33 33	0 00
8757 9620	922031505	VANGUARD LONG TERM TREASURY FUND	VARIOUS	01/22/2009	110,000 00	98,128 92	11,871 08	0 00
4504 5050	922031505	VANGUARD LONG TERM TREASURY FUND	VARIOUS	02/05/2009	55,000 00	50,281 81	4,718 19	0 00
4800 0000	922031505	VANGUARD LONG TERM TREASURY FUND	VARIOUS	03/24/2009	60,000 00	53,542 27	6,457 73	0 00
2652 9060	922031505	VANGUARD LONG TERM TREASURY FUND	VARIOUS	07/24/2009	29,314 61	29,688 43	-373 82	0 00
17302 9360	922031836	VANGUARD SHORT TERM INVT GRADE-ADM	VARIOUS	11/02/2009	183,238 09	180,486 43	2,751 66	0 00

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.



2009 Tax Information Statement

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 STATE STREET BANK & TRUST COMPANY
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 THE STEARNS FOUNDATION
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 SAN DIEGO, CA 92130

Number of shares	CUSIP	Description	Date Acquired	Date of Sale	Stocks Bonds, etc	Cost or other Basis	Net Gain or Loss	Federal Income Tax Withheld
<i>(Box 5)</i>	<i>(Box 1b)</i>	<i>(Box 7)</i>		<i>(Box 1a)</i>	<i>(Box 2)</i>			<i>(Box 4)</i>
59 2080	922031836	VANGUARD SHORT TERM INVT GRADE-ADM	VARIOUS	12/17/2009	630 56	618 38	12 18	0 00
Total Short Term Sales Reported on 1099-B					622,119 78	577,814 17	44,305 61	0 00
Long Term 15% Sales Reported on 1099-B								
241000 0000	912828GS3	US TREASURY NOTES 4 5% 5/15/17	05/16/2007	01/15/2009	284,068 37	237,036 69	47,031 68	0 00
Total Long Term 15% Sales Reported on 1099-B					284,068 37	237,036 69	47,031 68	0 00

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