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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

, and ending

G Check all that apply

 Initial return Initial return of a former public charity Final return Amended return Address change Name changeUse the IRS  
label.  
Otherwise,  
print  
or type.

Name of foundation

WATCHORN FOUNDATION

See Specific  
Instructions.

Number and street (or P O box number if mail is not delivered to street address)

100 PINE STREET, P.O. BOX 1166

A Employer identification number

23-7037270

City or town, state, and ZIP code

HARRISBURG, PA 17108-1166

H Check type of organization

 Section 501(c)(3) exempt private foundation Section 4947(a)(1) nonexempt charitable trust  Other taxable private foundationI Fair market value of all assets at end of year  
(from Part II, col. (c), line 16)

► \$ 239,254. (Part I, column (d) must be on cash basis)

J Accounting method  Cash  Accrual  
 Other (specify) \_\_\_\_\_

B Telephone number

203-287-2411

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 ► 

## Part I Analysis of Revenue and Expenses

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

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc., received				
2	Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3	Interest on savings and temporary cash investments	46.	46.	46.	
4	Dividends and interest from securities	5,962.	5,962.	5,962.	STATEMENT 1
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	51,334.			
7	Capital gain net income (from Part IV, line 2)				
8	Net short-term capital gain				
9	Income modifications				
10a	Gross sales less return and allowances				
b	Less Cost of goods sold	<1,223.►			
c	Gross profit (loss)				
11	Other income				
12	Total. Add lines 1 through 11	4,785.	6,008.	6,008.	
13	Compensation of officers, directors, trustees, etc	7,500.	3,750.	2,500.	3,750.
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees	STMT 2	3,909.	1,955.	1,955.
b	Accounting fees	STMT 3	2,700.	1,350.	1,350.
c	Other professional fees	STMT 4	2,335.	1,168.	1,168.
17	Interest				
18	Taxes				
19	Depreciation and depletion		1,418.	1,418.	1,418.
20	Occupancy		1,820.	910.	910.
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses	STMT 5	3,064.	1,734.	1,734.
24	Total operating and administrative expenses	Add lines 13 through 23	22,746.	12,285.	11,035.
25	Contributions, gifts, grants paid				
26	Total expenses and disbursements	Add lines 24 and 25			
			22,746.	12,285.	11,035.
27	Subtract line 26 from line 12				
a	Excess of revenue over expenses and disbursements		<17,961.►		
b	Net investment income (if negative, enter -0-)		0.		
c	Adjusted net income (if negative, enter -0-)			0.	

923501  
02-02-10

LHA For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Form 990-PF (2009)

SCANNED APR 12 2010

Operating and Administrative Expenses

11420310 786974 08401

2009.03010 WATCHORN FOUNDATION

084011

<b>Part II Balance Sheets</b>		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	5,431.		
	2 Savings and temporary cash investments	7,930.	13,464.	13,464.
	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			
	b Investments - corporate stock			
	c Investments - corporate bonds	STMT 6	50,060.	25,035.
	11 Investments - land, buildings, and equipment basis ►			
	Less accumulated depreciation ►			
	12 Investments - mortgage loans			
	13 Investments - other	STMT 7	157,077.	165,626.
	14 Land, buildings, and equipment basis ►	7,091.		
	Less accumulated depreciation ►	4,720.	3,789.	2,371.
	15 Other assets (describe ► <b>ACCRUED INCOME</b> )		469.	299.
	16 Total assets (to be completed by all filers)		224,756.	206,795.
	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.
Liabilities	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		156,171.	156,171.
	28 Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.
	29 Retained earnings, accumulated income, endowment, or other funds		68,585.	50,624.
Net Assets or Fund Balances	30 Total net assets or fund balances		224,756.	206,795.
	31 Total liabilities and net assets/fund balances		224,756.	206,795.

**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	224,756.
2 Enter amount from Part I, line 27a	2	<17,961.>
3 Other increases not included in line 2 (itemize) ►	3	0.
4 Add lines 1, 2, and 3	4	206,795.
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	206,795.

**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 INVESTMENTS-SHORT-TERM-SCHEDULE ATTACHED		P	VARIOUS	VARIOUS
b INVESTMENTS-LONG-TERM-SCHEDULE ATTACHED		P	VARIOUS	VARIOUS
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 563.			716.	<153. >
b 50,771.			51,841.	<1,070. >
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69		(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))		
(i) FMV as of 12/31/69		(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a				<153. >
b				<1,070. >
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	<1,223. >
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	<153. >

**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	17,765.	270,034.	.065788
2007	23,734.	327,675.	.072432
2006	22,674.	328,174.	.069091
2005	22,681.	330,655.	.068594
2004	23,784.	331,981.	.071643

2 Total of line 1, column (d)

2 .347548

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 .069510

4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5

4 210,533.

5 Multiply line 4 by line 3

5 14,634.

6 Enter 1% of net investment income (1% of Part I, line 27b)

6 0.

7 Add lines 5 and 6

7 14,634.

8 Enter qualifying distributions from Part XII, line 4

8 10,461.

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 checked="" type="checkbox"/> and enter "N/A" on line 1	N/A
1	Date of ruling or determination letter <u>09/01/03</u> (attach copy of letter if necessary-see instructions)	
2	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	
3	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)	
4	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	
5	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	
6	<b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-	
7	Credits/Payments	
8	a 2009 estimated tax payments and 2008 overpayment credited to 2009	
9	b Exempt foreign organizations - tax withheld at source	
10	c Tax paid with application for extension of time to file (Form 8868)	
11	d Backup withholding erroneously withheld	
7	Total credits and payments Add lines 6a through 6d	
8	Enter any <b>penalty</b> for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	
11	Enter the amount of line 10 to be <b>Credited to 2010 estimated tax</b> ► <span style="float: right;">Refunded ►</span>	

**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?	<b>Yes</b>	<b>No</b>
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?	<input checked="" type="checkbox"/>	
1c	<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>		
2	Did the foundation file Form 1120-POL for this year?	<input checked="" type="checkbox"/>	
3	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year		
4a	(1) On the foundation ► \$ <u>0.</u> (2) On foundation managers ► \$ <u>0.</u>		
4b	e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ <u>0.</u>		
5	Has the foundation engaged in any activities that have not previously been reported to the IRS?		
6	<i>If "Yes," attach a detailed description of the activities.</i>		
7	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>		
8a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?		
8b	b If "Yes," has it filed a tax return on Form 990-T for this year?		
9	Was there a liquidation, termination, dissolution, or substantial contraction during the year?		
10	<i>If "Yes," attach the statement required by General Instruction T.</i>		
11	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either		
12	• By language in the governing instrument, or		
13	• 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?		
14	Did the foundation have at least \$5,000 in assets at any time during the year?		
15	<i>If "Yes," complete Part II, col. (c), and Part XV.</i>		
16	a Enter the states to which the foundation reports or with which it is registered (see instructions) ► <u>PA, DE</u>		
17	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 <i>General Instruction G</i> ? <i>If "No," attach explanation</i>		
18	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>		
19	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		

**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? 13  X

Website address ► **N/A**14 The books are in care of ► **BARBARA WATCHORN FIDDLER** Telephone no ► **203-827-2411**  
Located at ► **1204 WHITNEY AVE., #403, HAMDEN, CT** ZIP+4 ► **06517**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**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  X  No

(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?  Yes  X  No

(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?  Yes  X  No

(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?  X  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  X  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  X  No

b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?Organizations relying on a current notice regarding disaster assistance check here ► **1b** Xc 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?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?  Yes  X  NoIf "Yes," list the years ► **1c** Xb 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) N/Ac If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► **2b**3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?  Yes  X  Nob 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.) N/A4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?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? 4a  X  
4b  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  
 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

►

5b

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?

If "Yes" to 6b, file Form 8870.

 Yes  No

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

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.

(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
ROBERT WATCHORN III 100 PINE ST. P.O. BOX 1166 HARRISBURG, PA 17108	PRESIDENT/DIRECTOR 2.00	2,500.	0.	0.
BARBARA WATCHORN FIDDLER 100 PINE ST. P.O. BOX 1166 HARRISBURG, PA 17108	VICE PRESIDENT/TREASURER/D 2.00	2,500.	0.	0.
KATHRYN WATCHORN HEARN 100 PINE ST. P.O. BOX 1166 HARRISBURG, PA 17108	VICE PRESIDENT/DIRECTOR 2.00	2,500.	0.	0.
TIMOTHY DECKERT 100 PINE ST. P.O. BOX 1166 HARRISBURG, PA 17108	SECRETARY 2.00	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

Form 990-PF (2009)

**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		
SEE STATEMENT 8		0.
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		
3		
All other program-related investments See instructions		
3		

**Total. Add lines 1 through 3**

►

0.

Form 990-PF (2009)

**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	202,098.
b Average of monthly cash balances	1b	11,641.
c Fair market value of all other assets	1c	
d Total (add lines 1a, b, and c)	1d	213,739.
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	213,739.
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	3,206.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	210,533.
6 Minimum investment return Enter 5% of line 5	6	10,527.

**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	10,527.
2a Tax on investment income for 2009 from Part VI, line 5	2a	
b Income tax for 2009 (This does not include the tax from Part VI )	2b	
c Add lines 2a and 2b	2c	0.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	10,527.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	10,527.
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	10,527.

**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	10,461.
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	10,461.
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	10,461.

**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				10,527.
2 Undistributed income, if any, as of the end of 2009			0.	
a Enter amount for 2008 only				
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2009				
a From 2004	4,500.			
b From 2005	6,488.			
c From 2006	6,401.			
d From 2007	7,742.			
e From 2008	4,263.			
f Total of lines 3a through e	29,394.			
4 Qualifying distributions for 2009 from Part XII, line 4 ► \$ 10,461.			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				10,461.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))	66.			66.
6 Enter the net total of each column as indicated below:	29,328.			
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 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	4,434.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	24,894.			
10 Analysis of line 9				
a Excess from 2005	6,488.			
b Excess from 2006	6,401.			
c Excess from 2007	7,742.			
d Excess from 2008	4,263.			
e Excess from 2009				

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

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling

1

**b** Check box to indicate whether the foundation is a private operating foundation described in section 4942(l)(3) or 4942(l)(5).

**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 the instructions.)

## 1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))

**NONE**

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

NONE

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

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

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

**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)				
<i>a Paid during the year</i>				
NONE				
<b>Total</b>			► 3a	0.
<i>b Approved for future payment</i>				
NONE				
<b>Total</b>			► 3b	0.

## 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
	(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					
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate			14	46.	
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			14	<1,223.>	
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)		0.		4,785.	0.
13 Total. Add line 12, columns (b), (d), and (e)					4,785.

13 Total. Add line 12, columns (b), (d), and (e)  
(See worksheet in line 18 next page to calculate totals.)

## **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)
N/A	



FORM 990-PF

DIVIDENDS AND INTEREST FROM SECURITIES

STATEMENT

1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
DIVIDENDS	3,752.	0.	3,752.
INTEREST	2,210.	0.	2,210.
TOTAL TO FM 990-PF, PART I, LN 4	5,962.	0.	5,962.

FORM 990-PF

LEGAL FEES

STATEMENT

2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL	3,909.	1,955.	1,955.	1,954.
TO FM 990-PF, PG 1, LN 16A	3,909.	1,955.	1,955.	1,954.

FORM 990-PF

ACCOUNTING FEES

STATEMENT

3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	2,700.	1,350.	1,350.	1,350.
TO FORM 990-PF, PG 1, LN 16B	2,700.	1,350.	1,350.	1,350.

FORM 990-PF

OTHER PROFESSIONAL FEES

STATEMENT

4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FIDUCIARY CT CORP	2,065. 270.	1,033. 135.	1,033. 135.	1,032. 135.
TO FORM 990-PF, PG 1, LN 16C	2,335.	1,168.	1,168.	1,167.

FORM 990-PF

OTHER EXPENSES

STATEMENT

5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OFFICE EXPENSE	3,064.	1,734.	1,734.	1,330.
TO FORM 990-PF, PG 1, LN 23	3,064.	1,734.	1,734.	1,330.

FORM 990-PF

CORPORATE BONDS

STATEMENT

6

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS	25,035.	25,537.
TOTAL TO FORM 990-PF, PART II, LINE 10C	25,035.	25,537.

FORM 990-PF

OTHER INVESTMENTS

STATEMENT

7

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS	COST	165,626.	197,583.
TOTAL TO FORM 990-PF, PART II, LINE 13		165,626.	197,583.

FORM 990-PF

SUMMARY OF DIRECT CHARITABLE ACTIVITIES

STATEMENT

8

## ACTIVITY ONE

CONTRIBUTIONS TO CHARITABLE RELIGIOUS AND EDUCATIONAL ORGANIZATIONS. DUE TO AN EXCESS DISTRIBUTION CARRYOVER AND MARKET CONDITIONS, THE FOUNDATION CURTAILED CONTRIBUTIONS FOR 2009.

EXPENSES	
TO FORM 990-PF, PART IX-A, LINE 1	0.

STEPHEN WATCHORN FOUNDATION, INC.  
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 FORM 990-PF YEAR: 12-31-09

Form 990-PF, page 2

**Part II, Line 2: Savings and Temp Cash Investments**

<u>Description</u>	<u>Beg Yr Books</u>	<u>End Yr Book</u>	<u>End Yr FMV</u>
New Haven Savings Bank	\$ 5,431	\$ 5,061	\$ 5,061
Fidelity Prime Inst Money Market Fund	\$ 7,930	\$ 7,901	\$ 7,901
Vanguard Prime Inst	\$ -	\$ -	\$ -
	<u>\$ 13,361</u>	<u>\$ 12,962</u>	<u>\$ 12,962</u>

**Part II, Line 10c: Investments - Corporate Bonds and Notes**

<u>Description</u>	<u>Beg Yr Books</u>	<u>End Yr Book</u>	<u>End Yr FMV</u>
American General Financial, 4 2%, 11/15/2009	\$10,000	\$0	\$0
GE Capital Corp, 4 625%, 9/15/2009	\$5,036	\$0	\$0
Morgan Stanley, 4 25%, 5/15/2010	\$10,074	\$10,074	\$10,123
JP Morgan, 5 6%, 6/1/2011	\$9,944	\$0	\$0
Wachovia, 5 35%, 3/15/2011	\$9,961	\$9,961	\$10,427
Prot Life, 4 625%, 6/15/10	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$4,987</u>
Sub-Total	<u>\$50,015</u>	<u>\$25,035</u>	<u>\$25,537</u>

**Part II, Line 13: Investments - Other**

<u>Description</u>	<u>Beg Yr Book Value</u>	<u>End Yr Book Value</u>	<u>End Yr FMV</u>
<u>Equity Mutual Funds</u>			
Artisan International Fund	\$ 11,794	\$ 7,926	\$ 9,045
Brandywine Fund	\$ 4,939	\$ 5,943	\$ 5,969
Bridgeway Blue Chip 35 Index Fund	\$ 13,445	\$ 12,106	\$ 12,035
DFA Emerging Markets Core Equity	\$ 5,188	\$ 4,003	\$ 4,597
Davis NY Venture Y	\$ 12,880	\$ 12,335	\$ 18,007
DWS Equity 500 Index Fund	\$ 30,742	\$ 29,845	\$ 37,402
Harbor International Fund	\$ 5,584	\$ 5,992	\$ 9,077
Janus Adv Mid Cap Value	\$ 4,439	\$ -	\$ -
JP Morgan Small Cap Growth	\$ 3,472	\$ 3,146	\$ 2,981
Perkins Mid Cap Value Fund	\$ -	\$ 3,967	\$ 3,741
Third Avenue Small Cap Value Fund	\$ 11,256	\$ 11,197	\$ 15,041
Vanguard Mid Cap Index INS	\$ 15,547	\$ 14,802	\$ 24,074
Vanguard Small Cap Index ADM	\$ 2,837	\$ 2,670	\$ 4,517
Weitz Value Fund	\$ 4,887	\$ 4,312	\$ 3,741
Sub-Total	<u>\$127,010</u>	<u>\$118,244</u>	<u>\$150,227</u>

<u>Fixed Income Mutual Funds</u>	<u>Beg Yr Book Value</u>	<u>End Yr Book Value</u>	<u>End Yr FMV</u>
Vanguard Short-term Fed Investors Fund	\$ -	\$ 20,310	\$ 19,995
Pimco All Asset Fund	\$ 4,484	\$ 4,105	\$ 3,904
Pimco Low Duration Fund	\$ 16,320	\$ 15,104	\$ 15,337
Pimco Total Return Fund	\$ 9,263	\$ 7,863	\$ 8,120
Sub-Total	<u>\$ 30,067</u>	<u>\$ 47,382</u>	<u>\$ 47,356</u>

**TOTAL INVESTMENTS - OTHER** \$157,077 \$165,626 \$197,583

STEPHEN WATCHORN FOUNDATION,INC.  
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Part II, Line 14: Land, Bldgs, Equip less Accum Depr.

Description	Land, Bldg & Equip	Accum Deprec	Beg Yr Books	End Yr Book	End Yr FMV	Depreciation Expense
Computer Equipment - FYE 12/31/07	\$ 5,186	\$ 4,148	\$ 2,075	\$ 1,038	\$ 1,038	\$ 1,037
Computer Equipment - FYE 12/31/08	\$ 1,905	\$ 572	\$ 1,714	\$ 1,333	\$ 1,333	\$ 381
	<u>\$ 7,091</u>	<u>\$ 4,720</u>	<u>\$ 3,789</u>	<u>\$ 2,371</u>	<u>\$ 2,371</u>	<u>\$ 1,418</u>

**STEPHEN WATCHORN FOUNDATION, INC.**

**ID# 23-7037270**

**FORM 990-PF    YEAR: 12-31-09**

**PAGE 6, PART VIII INFORMATION ABOUT OFFICERS/DIRECTORS**

**Line 1 - List all directors and their compensation**

<b>Name and address</b>	<b>Title &amp; Time</b>	<b>Compensation</b>
Robert Watchorn III c/o Timothy Deckert 100 Pine Street P.O. Box 1166 Harrisburg, PA. 17108-1166	President/Director	\$ 2,500
Barbara Watchorn Fiddler c/o Timothy Deckert 100 Pine Street P.O. Box 1166 Harrisburg, PA. 17108-1166	Vice President/Treasurer/Director	\$ 2,500
Kathryn Watchorn Hearn c/o Timothy Deckert 100 Pine Street P.O. Box 1166 Harrisburg, PA. 17108-1166	Vice President/Director	\$ 2,500
Timothy Deckert 100 Pine Street P.O. Box 1166 Harrisburg, PA. 17108-1166	Secretary	\$ -
		<u><u>\$ 7,500</u></u>

STEPHEN WATCHORN FOUNDATION, INC.

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FORM 990-PF FYE 12/31/09

PAGE 3 - PART IV CAPITAL GAINS & LOSSES FOR TAX ON INVESTMENT INCOME

<u>(a) DESCRIPTION # OF SHARES</u>	<u>(b) FACE / HOW ACQUIRED</u>	<u>(c) DATE ACQUIRED</u>	<u>(d) DATE SOLD</u>	<u>(e) SALES PRICE</u>	<u>(g) COST OR BASIS</u>	<u>(h) GAIN/LOSS ON SALE</u>
DWS Equity 500 Index Fund	1 577	Purchased	9/25/2008	9/18/2009	192	212
JP Morgan Small Cap Growth	22 797	Purchased	8/28/2008	6/29/2009	163	219
Janus Adv Mid Cap Value	15 149	Purchased	8/28/2008	4/17/2009	203	279
Janus Adv Mid Cap Value	0 351	Purchased	8/28/2008	6/29/2009	5	6
<b>SUB-TOTAL SHCRT-TERM</b>				<b>563</b>	<b>716</b>	<b>(153)</b>
American General Fin 4 2%	10,000 000	Purchased	11/17/2003	11/16/2009	10,000	10,000
Artisan Intl Fund	33 769	Purchased	3/21/2007	6/30/2009	568	1,018
Artisan Intl Fund	42 801	Purchased	Various	9/21/2009	868	1,245
Artisan Intl Fund	85 240	Purchased	Various	12/29/2009	1,773	2,418
Brandywine Fund	12.838	Purchased	Various	12/29/2009	285	388
Bridgeway Blue Chip	35	Purchased	Various	4/20/2009	650	857
Bridgeway Blue Chip	35	Purchased	Various	9/21/2009	217	248
Bridgeway Blue Chip	110.117	Purchased	Various	12/29/2009	751	771
DFA Emerging Markets	6 690	Purchased	Various	4/20/2009	76	110
DFA Emerging Markets	38 440	Purchased	Various	6/30/2009	537	638
DFA Emerging Markets	19 988	Purchased	Various	9/21/2009	337	329
DFA Emerging Markets	17.865	Purchased	3/21/2007	12/29/2009	323	292
DWS Equity 500 Index Fund	0.057	Purchased	3/28/2008	6/30/2009	6	8
DWS Equity 500 Index Fund	7 405	Purchased	Various	9/18/2009	900	910
DWS Equity 500 Index Fund	17 414	Purchased	Various	12/29/2009	2,225	1,769
Davis NY Venture	5 788	Purchased	1/21/2003	6/30/2009	148	123
Davis NY Venture	31 815	Purchased	1/21/2003	9/21/2009	957	677
Davis NY Venture	29.175	Purchased	Various	12/29/2009	919	623
GE Capital Corp, 4.625%, 9/15/09	5,000 000	Purchased	5/10/2004	9/15/2009	5,000	5,036
Harbor Intl Fund	11 943	Purchased	3/21/2007	6/30/2009	523	762
Harbor Intl Fund	13 191	Purchased	3/21/2007	9/21/2009	704	842
JP Morgan, 5.6%, 6/1/2011	10,000 000	Purchased	7/6/2006	6/1/2009	10,487	9,944
JP Morgan Small Cap Growth	15 529	Purchased	8/28/2008	9/21/2009	132	149
JP Morgan Small Cap Growth	17 323	Purchased	8/28/2008	12/29/2009	154	166
Perkins Mid Cap Value Fund	7.328	Purchased	8/28/2008	9/21/2009	141	158
Perkins Mid Cap Value Fund	7 635	Purchased	8/28/2008	12/29/2009	153	164
Pimco Low Duration Fund	212 089	Purchased	3/28/2008	4/15/2009	2,000	2,151

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FORM 990-PF FYE 12/31/09

PAGE 3 - PART IV CAPITAL GAINS & LOSSES FOR TAX ON INVESTMENT INCOME

<u>DESCRIPTION # OF SHARES</u>	<u>(a) FACE /</u>	<u>(b) HOW ACQUIRED</u>	<u>(c) DATE ACQUIRED</u>	<u>(d) DATE SOLD</u>	<u>(e) SALES PRICE</u>	<u>(g) COST OR BASIS</u>	<u>(h) GAIN/LOSS ON SALE</u>
Pimco Low Duration Fund	106,157	Purchased	3/28/2008	4/20/2009	1,000	1,077	(77)
Pimco Total Return Fund	46,652	Purchased	Various	3/26/2009	500	531	(31)
Pimco Total Return Fund	189,882	Purchased	Various	4/20/2009	1,933	2,031	(98)
Pimco All Asset Fund	42,235	Purchased	Various	4/20/2009	427	516	(89)
Pimco All Asset Fund	6,672	Purchased	Various	12/29/2009	80	82	(2)
Third Ave Small Cap Value Fund	16,944	Purchased	12/19/2007	6/30/2009	255	390	(135)
Third Ave Small Cap Value Fund	45,991	Purchased	12/19/2007	9/21/2009	826	1,057	(231)
Third Ave Small Cap Value Fund	15,582	Purchased	12/19/2007	12/29/2009	285	352	(67)
Vanguard Sm Cap Indx	4,725	Purchased	Various	6/30/2009	104	139	(35)
Vanguard Sm Cap Indx	15,079	Purchased	Various	9/21/2009	410	296	114
Vanguard Sm Cap Indx	4,159	Purchased	Various	12/29/2009	116	78	38
Vanguard Mid Cap Indx	135,492	Purchased	Various	9/21/2009	2,134	1,843	291
Vanguard Mid Cap Indx	81,430	Purchased	Various	12/29/2009	1,355	844	511
Weitz Value Fund	12,344	Purchased	Various	4/20/2009	237	440	(203)
Weitz Value Fund	10,459	Purchased	12/28/2007	9/21/2009	246	331	(85)
Weitz Value Fund	1,213	Purchased	12/28/2007	12/29/2009	29	38	(9)
<b>SUB-TOTAL LONG-TERM</b>					<b>50,771</b>	<b>51,841</b>	<b>(1,070)</b>
<b>FYE 12-31-09 TOTAL</b>					<b>51,334</b>	<b>52,557</b>	<b>(1,223)</b>