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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.

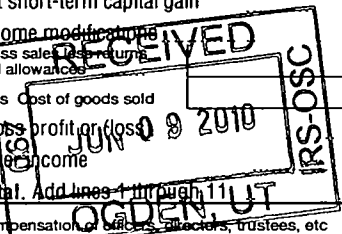
For calendar year 2009, or tax year beginning _____, and ending _____

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation THE KARNES MEMORIAL FUND	A Employer identification number 37-6243213
	BLUESTEM NAT'L BANK, TRUSTEE	B Telephone number (815)692-2302
	Number and street (or P O box number if mail is not delivered to street address) Room/suite 606 WEST OAK ST. P.O. BOX 288	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"/>
City or town, state, and ZIP code FAIRBURY, IL 61739	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"/>	
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	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 2,179,543. (Part I, column (d) must be on cash basis)		

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	161.	161.		STATEMENT 1
4 Dividends and interest from securities	19,574.	19,574.		STATEMENT 2
5a Gross rents	98,312.	98,312.		STATEMENT 3
b Net rental income or (loss) 53,962.				STATEMENT 4
6a Net gain or (loss) from sale of assets not on line 10				
b Gross sales price for all assets on line 6a				
7 Capital gain net income (from Part IV, line 2)		0.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales price, net return, and allowances				
b Less: Cost of goods sold				
c Gross profit or (loss)				
11 Other income	1,275.	0.		STATEMENT 5
12 Total. Add lines 1 through 11	119,322.	118,047.		
13 Compensation of officers, directors, trustees, etc	5,561.	1,390.		4,171.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees STMT 6	8,910.	1,116.		7,794.
b Accounting fees STMT 7	1,650.	412.		1,238.
c Other professional fees				
17 Interest				
18 Taxes STMT 8	5,694.	5,285.		0.
19 Depreciation and depletion	657.	657.		
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 9	38,408.	38,408.		0.
24 Total operating and administrative expenses. Add lines 13 through 23	60,880.	47,268.		13,203.
25 Contributions, gifts, grants paid	53,300.			53,300.
26 Total expenses and disbursements. Add lines 24 and 25	114,180.	47,268.		66,503.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	5,142.			
b Net investment income (if negative, enter -0-)		70,779.		
c Adjusted net income (if negative, enter -0-)			N/A	

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THE KARNES MEMORIAL FUND
BLUESTEM NAT'L BANK, TRUSTEE

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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	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	32,900.	36,290.	36,290.
	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			
11 Investments - land, buildings, and equipment: basis ▶	630,267.			
Less accumulated depreciation STMT 10 ▶	8,095.	622,829.	622,172.	1,635,546.
12 Investments - mortgage loans				
13 Investments - other	STMT 11	567,657.	570,066.	507,707.
14 Land, buildings, and equipment: basis ▶				
Less accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers)	1,223,386.	1,228,528.	2,179,543.	
Liabilities	17 Accounts payable and accrued expenses	450.	450.	
	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)	450.	450.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>			
	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	1,222,936.	1,228,078.		
30 Total net assets or fund balances	1,222,936.	1,228,078.		
31 Total liabilities and net assets/fund balances	1,223,386.	1,228,528.		

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)	1,222,936.
2 Enter amount from Part I, line 27a	5,142.
3 Other increases not included in line 2 (itemize) ▶	0.
4 Add lines 1, 2, and 3	1,228,078.
5 Decreases not included in line 2 (itemize) ▶	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	1,228,078.

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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				
b	NONE			
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 (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(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		
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	
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	

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	73,101.	1,345,640.	.054324
2007	68,472.	1,414,890.	.048394
2006	60,090.	1,395,680.	.043054
2005	61,042.	1,388,025.	.043978
2004	54,430.	1,338,420.	.040667
2	Total of line 1, column (d)		2 .230417
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 .046083
4	Enter the net value of noncharitable-use assets for 2009 from Part X, line 5		4 2,109,588.
5	Multiply line 4 by line 3		5 97,216.
6	Enter 1% of net investment income (1% of Part I, line 27b)		6 708.
7	Add lines 5 and 6		7 97,924.
8	Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.		8 66,503.

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	1,416.
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	1,416.
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	1,416.
6	Credits/Payments:		
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	640.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	1,200.
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	1,840.
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	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	424.
11	Enter the amount of line 10 to be: Credited to 2010 estimated tax <input type="checkbox"/> 424. Refunded <input type="checkbox"/> 0.	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
1c		X
2		X
3		X
4a		X
4b		N/A
5		X
6	X	
7	X	
8a		
8b	X	
9		X
10		X

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 ▶ <u>N/A</u>	13	X	
14	The books are in care of ▶ <u>THOMAS BRUCKER</u> Telephone no. ▶ <u>(815) 692-2302</u> Located at ▶ <u>606 WEST OAK, FAIRBURY, IL</u> ZIP+4 ▶ <u>61739</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	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.

	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 <u>N/A</u> ▶ <input type="checkbox"/>	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?	1c	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? <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.) <u>N/A</u>	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. ▶ _____, _____, _____		
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.) <u>N/A</u>	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	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

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)? Yes No
 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? Yes No
 If "Yes," attach the statement required by Regulations section 53.4945-5(d). N/A

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
THOMAS L. LADEAIROUS 101 W. CHESTNUT ST. FAIRBURY, IL 61739	TRUSTEE 5.00	0.	0.	0.
REV. KIM ERNST 801 NORTH FIRST STREET FAIRBURY, IL 61739	CHAIRMAN 5.00	0.	0.	0.
BLUESTEM NATIONAL BANK 104 E. LOCUST ST FAIRBURY, IL 61739	TRUSTEE 0.00	0.	0.	0.
LYNN METZ 1264 EAST 1900 NORTH ROAD ROBERTS, IL 60962	TRUSTEE 5.00	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

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 SCHOLARSHIPS	
	53,300.
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 NONE	
	0.
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	471,573.
b	Average of monthly cash balances	1b	34,595.
c	Fair market value of all other assets	1c	1,635,546.
d	Total (add lines 1a, b, and c)	1d	2,141,714.
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	2,141,714.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	32,126.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,109,588.
6	Minimum investment return. Enter 5% of line 5	6	105,479.

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	105,479.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	1,416.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,416.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	104,063.
4	Recoveries of amounts treated as qualifying distributions	4	1,275.
5	Add lines 3 and 4	5	105,338.
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	105,338.

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	66,503.
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	66,503.
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	66,503.

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				105,338.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			62,041.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ \$ 66,503.				
a Applied to 2008, but not more than line 2a			62,041.	
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				4,462.
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))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		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				100,876.
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	0.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
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 ▶

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

	Tax year				(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test - enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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:

SEE STATEMENT 12

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
SEE ATTACHED SCHEDULE	NONE	N/A	SCHOLARSHIPS	53,300.
Total			▶ 3a	53,300.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

Karnes Memorial
2404830

(Scholarship Award)

PAID

2009-2010 High School Scholarship Recipients

DEC 03 2009

<u>Name and Address</u>	<u>PAID</u> 8/5/09	<u>August</u>	<u>December</u>
Matt E. Aberle 5685 North 3600 Est Road Thawville, Illinois 60968	ck# 38107	200.00 ✓	200.00 ✓ ck# 38494
Nile A. Bane 402 East Hickory Street Fairbury, Illinois 61739	38108	550.00 ✓	550.00 ✓ 38495
Kiristen D. Brummitt 40387 East 2300 North Road Cropsey, Illinois 61731	38109	150.00 ✓	150.00 ✓ 38496
Kent D. Dassow 6928 North 3350 East Road Chatsworth, Illinois 60921	38110	550.00 ✓	550.00 ✓ 38497
Sarah E. Dawson 9514 North 1700 East Road Chenoa, Illinois 61726	38111	550.00 ✓	550.00 ✓ 38498
Kristin L. DeFries 41590 East 2100 North Road Cropsey, Illinois 61731	38112	550.00 ✓	550.00 ✓ 38499
Matthew R. Dever 806 North Jackson Street Fairbury, Illinois 61739	38113	550.00 ✓	550.00 ✓ 38500
Jenna K. Dotterer 23812 East 1000 North Road Fairbury, Illinois 61739	38114	550.00 ✓	550.00 ✓ 38501
Timothy A. Gerber 225 South Beech Street Forrest, Illinois 61741	38115	200.00 ✓	200.00 ✓ 38502
Miguel David Herrera 106 East Ash Street Fairbury, Illinois 61739	38116	550.00 ✓	550.00 ✓ 38503
Jacob R. Huber 26 Timber Ridge Drive Fairbury, Illinois 61739	38117	200.00 ✓	200.00 ✓ 38504

4,600

4,600

9,200

PAID
12-3-09

PAID
81509

<u>Name and Address</u>		<u>August</u>	<u>December</u> <i>CK#</i>
Kelcey E. Shafer 534 South Fifth Street Fairbury, Illinois 61739	<i>CK# 38128</i>	450.00 ✓	450.00 ✓ <i>38515</i>
Isaac J. Steidinger 19871 East 900 North Road Fairbury, Illinois 61739	<i>38129</i>	150.00 ✓	150.00 ✓ <i>38516</i>
Jordan M. Steidinger 22710 East 1123 North Road Fairbury, Illinois 61739	<i>38130</i>	150.00 ✓	150.00 ✓ <i>38517</i>
Kaleb S. Steidinger 415 North 10 th Street Fairbury, Illinois 61739	<i>38131</i>	200.00 ✓	200.00 ✓ <i>38518</i>
Sarah L. Steidinger 5 Kristina Drive Fairbury, Illinois 61739	<i>38132</i>	550.00 ✓	550.00 ✓ <i>38519</i>
Shari L. Steidinger 28539 East 900 North Road Forrest, Illinois 61741	<i>38133</i>	550.00 ✓	550.00 ✓ <i>38520</i>
Seth L. Welch 27 4R Drive Fairbury, Illinois 61739	<i>38134</i>	450.00 ✓	450.00 ✓ <i>38521</i>
Shelby A. Wendland 531 South Fifth Street Fairbury, Illinois 61739	<i>38135</i>	150.00 ✓	150.00 ✓ <i>38522</i>
Tess B. Zehr 3283 North 2300 East Road Fairbury, Illinois 61739	<i>38136</i>	200.00 ✓	200.00 ✓ <i>38523</i>
Jesse K. Zimmerman 29997 East 1200 North Road Forrest, Illinois 61741	<i>38137</i>	150.00 ✓	150.00 ✓ <i>38524</i>

3,000

3,000

6,000
=

PAID 12/3/09

PAID 8/5/09

CU#

<u>Name and Address</u>		<u>August</u>	<u>December</u>	
Brad D. Frye 410 South Fourth Street Chatsworth, Illinois 60921	CU# 38148	225.00 ✓	225.00 ✓	38535
Beckah I. Gerber 111 West Oak Street Fairbury, Illinois 61739	38149	375.00 ✓	375.00 ✓	38536
Joel M. Gerber 504 East Elm Street Fairbury, Illinois 61739	38150	375.00 ✓	375.00 ✓	38537
Payton A. Hobart Rural Route 1, Box 38H Chatsworth, Illinois 60921	38151	375.00 ✓	375.00 ✓	38538
Bethann R. Kafer 22725 East 825 North Road Fairbury, Illinois 61739	38152	225.00 ✓	225.00 ✓	38539
Kelly V. Kahle 614 Morningside Chenoa, Illinois 61726	38153	375.00 ✓	375.00 ✓	38540
Caleb P. Kelson Post Office Box 53 Fairbury, Illinois 61739	38154	375.00 ✓	375.00 ✓	38541
Alyssa B. Knerr 411 McClellan Street Chenoa, Illinois 61726	38155	375.00 ✓	375.00 ✓	38542
Lauren B. Marshall 3630 North 2300 East Road Fairbury, Illinois 61739	38156	375.00 ✓	375.00 ✓	38543
Ryan A. Marshall 3630 North 2300 East Road Fairbury, Illinois 61739	38157	500.00 ✓	500.00 ✓	38544
Staci N. Maurer 354 North 2300 East Road Cropsey, Illinois 61731	38158	375.00 ✓	375.00 ✓	38545

3,950

7,900

3,950

PAID
8/5/01

CK#

Name and Address

August

December

Amy E. Steidinger
5 Kristina Drive
Fairbury, Illinois 61739

CK# 38170

375.00 ✓

375.00 ✓

38557

Eric A. Steidinger
28539 East 900 North Road
Forrest, Illinois 61741

38171

375.00 ✓

375.00 ✓

38558

Alyssa J. Surber
501 West Hickory Street
Fairbury, Illinois 61739

38172

375.00 ✓

375.00 ✓

38559

Lexi A. Surber
501 West Hickory Street
Fairbury, Illinois 61739

38173

700.00 ✓

700.00 ✓

38560

Kinsey L. Teubel
26333 East 1000 North Road
Forrest, Illinois 61741

38174

200.00 ✓

200.00 ✓

38561

Dylan T. Webster
801 East Oak Street
Fairbury, Illinois 61739

38175

375.00 ✓

375.00 ✓

38562

Amy M. Williams
537 South Fourth Street
Fairbury, Illinois 61739

38176

375.00 ✓

375.00 ✓

38563

Laura E. Zehr
3617 North 2300 East Road
Fairbury, Illinois 61739

38177

375.00 ✓

375.00 ✓

38564

Reid L. Zehr
3283 North 2300 East Road
Fairbury, Illinois 61739

38178

375.00 ✓

375.00 ✓

38565

Stephanie K. Zimmerman
705 South Jackson Street
Fairbury, Illinois 61739

38179

375.00 ✓

375.00 ✓

38566

3,900

3,900

=

7,800

Total Scholarships = 53,300

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
BLUESTEM NATIONAL BANK	39.
STEFFEN FARM ACCOUNT	122.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	161.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
BLUESTEM NATIONAL BANK	19,574.	0.	19,574.
TOTAL TO FM 990-PF, PART I, LN 4	19,574.	0.	19,574.

FORM 990-PF RENTAL INCOME STATEMENT 3

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
FARM	1	96,312.
RENTAL INCOME	2	2,000.
TOTAL TO FORM 990-PF, PART I, LINE 5A		98,312.

FORM 990-PF RENTAL EXPENSES STATEMENT 4

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
DEPRECIATION		657.	
FERTILIZER/LIME		7,000.	
CHEMICALS		767.	
SEED		3,546.	
PAYMENT TO FARM TENANT		18,891.	
MACHINE HIRE		646.	
INSURANCE		2,068.	
PROPERTY TAXES		5,285.	

FORM 990-PF	TAXES			STATEMENT 8
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ILLINOIS FILING FEE	15.	0.		0.
FEDERAL EXCISE TAXES	394.	0.		0.
PROPERTY TAXES	5,285.	5,285.		0.
TO FORM 990-PF, PG 1, LN 18	5,694.	5,285.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 9
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FERTILIZER/LIME	7,000.	7,000.		0.
CHEMICALS	767.	767.		0.
SEED	3,546.	3,546.		0.
PAYMENT TO FARM TENANT	18,891.	18,891.		0.
MACHINE HIRE	646.	646.		0.
INSURANCE	2,068.	2,068.		0.
STORAGE/WAREHOUSING	3,653.	3,653.		0.
MISCELLANEOUS	1,337.	1,337.		0.
RENT EXPENSE	500.	500.		0.
TO FORM 990-PF, PG 1, LN 23	38,408.	38,408.		0.

FORM 990-PF	DEPRECIATION OF ASSETS HELD FOR INVESTMENT			STATEMENT 10
DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE	
NEW TILE	6,605.	5,108.	1,497.	
LAND	618,626.	0.	618,626.	
FULLY DEPRECIATED TILE	1,785.	1,785.	0.	
NEW TILE	1,650.	935.	715.	
NEW TILE	1,601.	267.	1,334.	
TOTAL TO FM 990-PF, PART II, LN 11	630,267.	8,095.	622,172.	

FORM 990-PF	OTHER INVESTMENTS	STATEMENT 11	
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS	COST	570,066.	507,707.
TOTAL TO FORM 990-PF, PART II, LINE 13		570,066.	507,707.

FORM 990-PF

GRANT APPLICATION SUBMISSION INFORMATION
PART XV, LINES 2A THROUGH 2D

STATEMENT 12

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

THE KARNES MEMORIAL FUND BOARD OF GOVERNORS
P.O. BOX 302
FAIRBURY, IL 61739

TELEPHONE NUMBER

815-692-2302

FORM AND CONTENT OF APPLICATIONS

GENERAL BACKGROUND, SCHOOL/COMMUNITY ACTIVITIES & PARENTS' FINANCIAL
ANALYSIS MUST BE SUBMITTED

ANY SUBMISSION DEADLINES

MARCH 1

RESTRICTIONS AND LIMITATIONS ON AWARDS

MUST BE GRADUATE OF PRAIRIE CENTRAL COMM UNIT DIST #8, WHICH SERVES
FAIRBURY, FORREST & CHATSWORTH, IL