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Form 990-PF

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

OMB No 1545-0052

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 01-01-2009, and ending 12-31-2009

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. Name of foundation: FARRER ENDOWMENT FOUNDATION. A Employer identification number: 42-1214699. B Telephone number: (641) 423-5154.

H Check type of organization: Section 501(c)(3) exempt private foundation. I Fair market value of all assets at end of year: \$ 4,730,801. J Accounting method: Cash.

Table with 5 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes. Rows include Revenue (1-12) and Operating and Administrative Expenses (13-26).

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

Part II Balance Sheets		Beginning of year			End of year		
		(a) Book Value	(b) Book Value	(c) Fair Market Value	(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing	20,119	15,979	15,979		
	2	Savings and temporary cash investments	389,132	322,751	329,997		
	3	Accounts receivable <input type="checkbox"/> _____ Less allowance for doubtful accounts <input type="checkbox"/> _____					
	4	Pledges receivable <input type="checkbox"/> _____ Less allowance for doubtful accounts <input type="checkbox"/> _____					
	5	Grants receivable					
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)					
	7	Other notes and loans receivable (attach schedule) <input type="checkbox"/> _____ Less allowance for doubtful accounts <input type="checkbox"/> _____					
	8	Inventories for sale or use					
	9	Prepaid expenses and deferred charges					
	10a	Investments—U S and state government obligations (attach schedule)	966,606 <input type="checkbox"/>	948,905	925,346		
	b	Investments—corporate stock (attach schedule)	3,110,622 <input type="checkbox"/>	3,297,635	2,863,064		
	c	Investments—corporate bonds (attach schedule)	642,052 <input type="checkbox"/>	625,494	596,415		
	11	Investments—land, buildings, and equipment basis <input type="checkbox"/> _____ Less accumulated depreciation (attach schedule) <input type="checkbox"/> _____					
	12	Investments—mortgage loans					
	13	Investments—other (attach schedule)					
	14	Land, buildings, and equipment basis <input type="checkbox"/> _____ Less accumulated depreciation (attach schedule) <input type="checkbox"/> _____					
15	Other assets (describe <input type="checkbox"/> _____)						
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	5,128,531	5,210,764	4,730,801			
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 (attach schedule)					
22	Other liabilities (describe <input type="checkbox"/> _____)	<input type="checkbox"/> -7,600 <input type="checkbox"/>	<input type="checkbox"/> -2,408				
23	Total liabilities (add lines 17 through 22)	-7,600	-2,408				
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					
	28	Paid-in or capital surplus, or land, bldg, and equipment fund					
	29	Retained earnings, accumulated income, endowment, or other funds	5,136,131	5,213,172			
30	Total net assets or fund balances (see page 17 of the instructions)	5,136,131	5,213,172				
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	5,128,531	5,210,764				

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	5,136,131
2	Enter amount from Part I, line 27a	2	80,812
3	Other increases not included in line 2 (itemize) <input type="checkbox"/> _____	3	
4	Add lines 1, 2, and 3	4	5,216,943
5	Decreases not included in line 2 (itemize) <input type="checkbox"/> _____	5	3,771
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	5,213,172

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)
1 a CAPITAL GAINS DIVIDEND	P	2009-01-01	2009-12-31
b 65M FNMA BOND	P	2006-12-06	2009-02-02
c 1000 CITIGROUP	P	2007-11-30	2009-06-30
d 50 CLAYMORE SECS	P	2002-10-10	2009-11-04
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 2,305	0	0	2,305
b 65,000	0	62,934	2,066
c 18,303	0	25,706	-7,403
d 4,933	0	5,672	-739
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) 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 0	0	0	2,305
b 0	0	0	2,066
c 0	0	0	-7,403
d 0	0	0	-739
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	-3,771
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8	}	3	

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

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

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

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

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2008	259,225	4,866,031	0.053272
2007	221,449	5,212,924	0.042481
2006	171,800	4,796,077	0.035821
2005	141,650	2,714,430	0.052184
2004	142,962	2,659,712	0.053751

2 Total of line 1, column (d).	2	0.237509
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.047502
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5.	4	4,443,318
5 Multiply line 4 by line 3.	5	211,066
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	2,492
7 Add lines 5 and 6.	7	213,558
8 Enter qualifying distributions from Part XII, line 4.	8	165,950

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

Table with 11 rows for excise tax calculations. Includes categories like 'Exempt operating foundations', 'Domestic foundations', and 'Tax based on investment income'. Total tax due is 2,575.

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Includes questions about political influence, expenditures, and foundation status. Columns for 'Yes' and 'No' answers.

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions).	11		No
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address N/A	13	Yes	
14	The books are in care of HEINY LAW FIRM PLC Telephone no (641) 423-5154 Located at 11 FOURTH ST NE MASON CITY IA ZIP+4 50401			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year.	15		<input type="checkbox"/>

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)? <input type="checkbox"/> Organizations relying on a current notice regarding disaster assistance check here. <input checked="" 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? <input type="checkbox"/>	1c		No
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 20___, 20___, 20___, 20___			
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 20 of the instructions). <input type="checkbox"/>	2b		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here 20___, 20___, 20___, 20___			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009.</i>) <input type="checkbox"/>	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
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		No

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

<p>5a During the year did the foundation pay or incur any amount to</p> <p>(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions). . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here. <input checked="" type="checkbox"/></p> <p>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? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach the statement required by Regulations section 53.4945–5(d).</p> <p>6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes" to 6b, file Form 8870.</p> <p>7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	5b	
	6b	No
	7b	

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

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
JAMES R HEINY MASON CITY, IA 50401	PRESIDENT 7 00	0	0	0
FRANK B INGRAM MASON CITY, IA 50401	V-P, TREASURER 12 00	0	0	0
GERALD M STAMBAUGH MASON CITY, IA 50401	SECY 7 00	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."

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

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

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

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE".

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

Total number of others receiving over \$50,000 for professional services. **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	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 23 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
3 All other program-related investments. See page 24 of the instructions	

Total. Add lines 1 through 3.

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	4,474,941
b	Average of monthly cash balances.	1b	36,042
c	Fair market value of all other assets (see page 24 of the instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	4,510,983
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).	1e	
2	Acquisition indebtedness applicable to line 1 assets.	2	
3	Subtract line 2 from line 1d.	3	4,510,983
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions).	4	67,665
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	4,443,318
6	Minimum investment return. Enter 5% of line 5.	6	222,166

Part XI Distributable Amount (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6.	1	222,166
2a	Tax on investment income for 2009 from Part VI, line 5.	2a	4,983
b	Income tax for 2009 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	4,983
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	217,183
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	217,183
6	Deduction from distributable amount (see page 25 of the instructions).	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	217,183

Part XII Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes		
a	Expenses, contributions, gifts, etc —total from Part I, column (d), line 26.	1a	165,950
b	Program-related investments—total from Part IX-B.	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes.	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	
b	Cash distribution test (attach the required schedule).	3b	
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	165,950
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 26 of the instructions).	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	165,950

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				217,183
2 Undistributed income, if any, as of the end of 2008				
a Enter amount for 2008 only.			125,315	
b Total for prior years 20___, 20___, 20___				
3 Excess distributions carryover, if any, to 2009				
a From 2004.				
b From 2005.				
c From 2006.				
d From 2007.				
e From 2008.				
f Total of lines 3a through e.				
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ <u>165,950</u>				
a Applied to 2008, but not more than line 2a			125,315	
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions).				
d Applied to 2009 distributable amount.				40,635
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2009 <i>(If an amount appears in column (d), the same amount must be shown in column (a).)</i>				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions				
e Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions				
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				176,548
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions).				
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions).				
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a				
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 page 27 of the instructions and Part VII-A, question 9)

1a 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 organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
2a 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 organization had \$5,000 or more in assets at any time during the year—see page 27 of the instructions.)

1 Information Regarding Foundation Managers:

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

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 page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

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

GERALD M STAMBAUGH SECRETARY
P O BOX 1567
MASON CITY, IA 504021567
(641) 423-5154

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

WRITTEN REQUEST IN SPECIFIC FORM

c Any submission deadlines

JANUARY THRU APRIL 30 EACH YEAR

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

NONE

Part XV **Supplementary Information** (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> See Additional Data Table				
Total				▶ 3a 165,950
b <i>Approved for future payment</i>				
Total				▶ 3b

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include Program service revenue, Fees and contracts from government agencies, Membership dues and assessments, Interest on savings and temporary cash investments, Dividends and interest from securities, Net rental income or (loss) from real estate, Net rental income or (loss) from personal property, Other investment income, Gain or (loss) from sales of assets other than inventory, Net income or (loss) from special events, Gross profit or (loss) from sales of inventory, Other revenue, Subtotal, and Total.

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

Table with 2 columns: 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 organization's exempt purposes (other than by providing funds for such purposes) (See page 28 of the instructions). Includes entries for '3&4 INVESTMENT INCOME IS THE SOURCE FOR THE DISTRIBUTIONS TO 501(C)(3) ORGANIZATIONS'.

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

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... 1a(1) Cash... 1a(2) Other assets... 1b(1) Sales of assets... 1b(2) Purchases of assets... 1b(3) Rental of facilities... 1b(4) Reimbursement arrangements... 1b(5) Loans or loan guarantees... 1b(6) Performance of services... 1c Sharing of facilities...

Table with 4 columns: (a) Line No, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? [] Yes [x] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

Signature of officer or trustee: ***** Date: 2010-03-17 Title: *****

Sign Here

Preparer's Use Only: Preparer's Signature: GERALD M STAMBAUGH Date: 2010-05-11 Check if self-employed: [x] Preparer's identifying number: Signature on page 30 of the instructions Firm's name (or yours if self-employed), address, and ZIP code: HEINY MCMANIGAL LAW FIRM PLC PO BOX 1567 MASON CITY, IA 504021567 EIN: Phone no (641) 423-5154

Additional Data

Software ID: 09000048
Software Version: US03CV000TY2009
EIN: 42-1214699
Name: FARRER ENDOWMENT FOUNDATION

Part VI Line 7 - Tax Paid Original Return: 2408

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
CITY OF MASON CITY10 1ST ST NW MASON CITY,IA 50401		501C3	PLAYGROUND EQPT	2,000
MASON CITY HIGH SCHOOL1700 4TH ST SE MASON CITY,IA 50401		501C3	TRAP SHOOTING CLUB	1,500
BETHLEHEM LUTHERAN CHURCH 419 N DELAWARE MASON CITY,IA 50401		501C3	PLAYGROUNDCHILD CARE CTREQUIPMENT	2,500
PIONEER MUSEUM & HISTORICAL SOCIETYP O BOX 421 MASON CITY,IA 50402		501C3	RENOVATION OF RR CABOOSE	3,000
CITY OF VENTURAP O BOX 230 VENTURA,IA 50482		501C3	PARK SHELTER IMP	1,000
TLC BROADCASTING CORPORATION600 FIRST STREET N W MASON CITY,IA 50401		501C3	PARTS & EQPTREPLACEMENT OF	7,500
CHARLIE BROWN PRESCHOOL600 FIRST STREET N W MASON CITY,IA 50401		501C3	SCHOOL AGE PROGRAMS	3,000
MASON CITY FAMILY YMCA1840 S MONROE AVE MASON CITY,IA 50401		501C3	RECUMBENT EXPRESSOPURCHASE OFBIKES	1,500
VENTURA COMMUNITY SCHOOL DIST107 ORCHARD LANE CLEAR LAKE,IA 50428		501C3	INSTRUMENTSMUSICAL	2,000
WINNEBAGO COUNCIL BSA2929 AIRPORT BOULEVARD WATERLOO,IA 50703		501C3	FACILITIESBATH & RESTROOM	3,000
CITY OF MASON CITY ART MUSEUM303 SECOND STREET S E MASON CITY,IA 50401		501C3	WINDOWS & BRICKREPAIR OFFACING	10,000
COMMUNITY KITCHEN N IP O BOX 58 MASON CITY,IA 50402		501C3	EXPENSESOPERATING	3,500
MEALS ON WHEELSP O BOX 58 MASON CITY,IA 50402		501C3	EXPENSESOPERATING	3,000
KRYSILIS INC102 WEST PARK STREET FOREST CITY,IA 50436		501C3	EQUIPMENT PROJECTULTRALIFT MOBILE	2,000
OPPORTUNITY VILLAGE1200 NORTH 9TH STREET WEST CLEAR LAKE,IA 50428		501C3	DIESEL GENERATOR TOWARD PURCHASE	5,000
Total			▶ 3a	165,950

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
MASON CITY INSTR MUSIC BOOSTERSPO BOX 111 MASON CITY,IA 50402		501C3	FRENCH HORNPURCHASE	1,750
FRANCIS LAUER YOUTH SERVICES50 NORTH EISENHOWER AVE MASON CITY,IA 50401		501C3	EXPENSESOPERATINGTRAINING ETC	30,000
CARING PREGNANCY CTR INC 830 15TH STREET S W MASON CITY,IA 50401		501C3	INCENTIVEBABY BUCKPROGRAM	1,000
NIACC FOUNDATION500 COLLEGE DRIVE MASON CITY,IA 50401		501C3	SCHOLARSHIPS	5,000
MERCY MEDICAL CENTER FDN 1000 4TH STREET S W MASON CITY,IA 50401		501C3	MAMMOGRAPHYDIGITALEQUIPMENT	10,000
FRIENDS OF IOWA CASA220 NORTH WASHINGTON AVE MASON CITY,IA 50401		501C3	TRAINING &VOLUNTEERRETENTION	1,000
GIRL SCOUTS OF GREATER IOWA INC601 SOUTH ILLINOIS AVE MASON CITY,IA 50401		501C3	CAMP TANGLEFOOT3 TELESCOPES	3,000
NORTH IOWA VOCATIONAL CENTER INC1225 SOUTH HARRISON AVE MASON CITY,IA 50401		501C3	TABLES & UMBRELLASOUTDOOR PICNIC	3,000
THE CHORAL MUSIC GUILD 1700 FOURTH STREET S E MASON CITY,IA 50401		501C3	FOR 9TH GRADEROBES & STOLESCHOIR	1,500
HUMANE SOCIETY OF NORTH IOWA1520 NORTH FEDERAL AVE MASON CITY,IA 50401		501C3	LAWN TRACTORPURCHASE	2,500
NORTH IOWA TRANSITION CENTERPO BOX 1503 MASON CITY,IA 50402		501C3	FOR TOKEN STOREPURCHASE ITEMS	2,000
NORTHERN LIGHTS ALLIANCE FOR HOMELESS50 CRESCENT DR MASON CITY,IA 50401		501C3	THIRD FLOOR OFEXPANSION OFOLD YWCA	5,000
GOOD SHEPHERD TELEPHONE REASSURANCE INC302 SECOND STREET NE MASON CITY,IA 50401		501C3	EXPENSESOPERATIONAL	1,000
WINNEBAGO HISTORIAL SOCIETY145 NORTH GOLF COURSE ROAD FOREST CITY,IA 50436		501C3	SCHOOL HOUUSERESHINGLING	500
MESSIAH LUTHERAN CHURCH 2620 4TH ST SE MASON CITY,IA 50401		501C3	OPERATINGVOYAGES PRESCHOOLEXPENSES	2,000
Total				165,950

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
NORTH CENTRAL IA AG IN THE CLASS PROGRAM65 STATE STREET PO BOX 68 GARNER,IA 504380068		501C3	AG EDUCATIONEXPANSION OFWEEKS	1,000
NEWMAN CATHOLIC SCHOOLS 2445 19TH STREET SW MASON CITY,IA 50401		501C3	COMPUTERS6 I-MAC APPLE	4,000
CLEAR LAKE COMMUNITY SCHOOL DISTRICT125 NORTH 20TH STREET CLEAR LAKE,IA 50428		501C3	CHOIR ROBES	3,000
CITY OF MASON CITY10 1ST STREET NW MASON CITY,IA 50401		501C3	EDUCATIONALCOMMUNITY POLICINGMATERIAL DNA KITS	1,000
MUSCULAR DYSTROPHY ASSN INC 2302 WEST FIRST STREET SUITE 107 CEDAR FALLS,IA 50613		501C3	SUPPORTOPERATIONIOWA'S CAMP PROGRAM	1,000
NORTH IOWA BAND FESTIVAL FD 25 WEST STATE STREET MASON CITY,IA 50401		501C3	EXPENSESBAND FESTIVAL	5,000
RUDD COMMUNITY FIRE SERVICE C/O GALE MONTAG NORA SPRINGS,IA 50458		501C3	TO QUICK ATTACKCONVERTING PICKUPVEHICLE	500
GARNER HAYFIELD COMMUNITY SCH DISTP O BOX 449 GARNER,IA 50438		501C3	BOARDS & 6 CARTSPURCHASE 6 SMART	2,500
NORTH IOWA FAIR ASSOCIATION 3700 4TH STREET S W MASON CITY,IA 50401		501C3	PLUG-IN CAMPADDING ELECTRICALSITES	2,000
CITY OF MASON CITY78 SOUTH GEORGIA AVE MASON CITY,IA 50401		501C3	BULLET PROOFPURCHASE OFVESTS	1,200
CENTRAL PRESCHOOL601 MILWAUKEE STREET SUITE A CHARLES CITY,IA 50616		501C3	FOR CHILDRENCREATING SCHOLARSHIPS	1,000
STEBENS CHILDREN'S THEATRE 616 NORTH DELAWARE AVE MASON CITY,IA 50401		501C3	EXTERIOR OFUPGRADING THETHEATRE BLDG	2,000
WEE SAINTS DAYCARE CENTER 122 WEST 8TH STREET ST ANSGAR,IA 50472		501C3	EXPANSION TOCONSTRUCTION OFFACILITY	10,000
NORTH IOWA YOUTH CENTER INC 121 NORTH DELAWARE AVE MASON CITY,IA 50401		501C3	EDUCATIONALPURCHASE OFEQUIPMENT	1,000
RIVER CITY SOCIETY FOR HISTORIC PRESERVATION431 FIRST ST SE MASON CITY,IA 50401		501C3	STUCCOREPLACE PLASTER	2,500
Total				165,950

Form 990PF Part XV Line 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 <i>Paid during the year</i>				
CITY OF CHARLES CITY624 NORTH MAIN STREET CHARLES CITY,IA 50616		501C3	TRAININGIN-SERVICE	500
HOSPICE OF NORTH IOWA232 SECOND STREET SE MASON CITY,IA 50401		501C3	FOR MEDICARE FORBACKGROUND CHECKS60 VOLUNTEERS	3,000
CERRO GORDO FREE HEALTH CLINIC1443 EAST STATE STREET MASON CITY,IA 50401		501C3	RADIOLOGY COSTS	5,000
Total				165,950

**TY 2009 Investments Corporate
Bonds Schedule**

Name: FARRER ENDOWMENT FOUNDATION

EIN: 42-1214699

Name of Bond	End of Year Book Value	End of Year Fair Market Value
VAN KAMPEN INCOME TRUSTS	336,602	307,012
270 UTS NUVEEN INSURED CORP TR #5	21,615	23,784
50 UTS CLAYMORE SECS DEF PORT #4 SERIES 135		
700 BANKAMERICA PFD DEBT	18,214	15,510
1000 CITIGROUP CAPITAL TRUST SECS 7.875%		
1000 FPL GRP CAP INC PFD 7.45%	25,956	26,940
1000 USB CAPITAL TRUST XI PFD DEBT 6.6%	22,506	24,180
1000 WACHOVIA CAPITAL TRUST X 7.85%	25,856	25,370
1000 WELLS FARGO CAP TR IV PFD DEBT 7%	24,755	25,170
25000 PRUDENTIAL FINANCIAL NOTES	25,000	24,396
75 CLAYMORE SER GRD CORP SER 1	75,274	74,277
50 CLAYMORE SER GRD CORP SER 15	49,716	49,776

**TY 2009 Investments Corporate
Stock Schedule****Name:** FARRER ENDOWMENT FOUNDATION**EIN:** 42-1214699

Name of Stock	End of Year Book Value	End of Year Fair Market Value
1435 SH CHEVRON TEXACO CORPORATION	79,648	110,481
600 SH ING GRP NV PFD 7.375%	15,000	11,814
400 SH ING GRP NV PFD 7.2%	10,472	7,712
6508 SH D & F INVESTMENT CO	1,264,933	1,000,509
865 SH EXXON MOBIL CORPORATION	53,896	58,984
900 SH AMB PROP PFD	22,500	19,800
1000 SH ROYAL BK OF SCOTLAND GRP PFD 7.25%	25,000	11,890
DAVIS NY VENTURE FUND	164,106	157,643
DWS HIGH INCOME FUND	154,819	116,834
EURO PACIFIC GROWTH FD	27,407	20,282
FRANKLIN UTILITY FUND	148,408	163,245
GROWTH FUND OF AMERICA	246,352	188,642
INCOME FUND OF AMERICA	246,981	214,962
INVESTMENT CO OF AMERICA	424,517	359,936
TEMPLETON GLOBAL GOVT FD	259,797	296,150
WASHINGTON MUTUAL FD	153,799	124,180

**TY 2009 Investments Government
Obligations Schedule**

Name: FARRER ENDOWMENT FOUNDATION

EIN: 42-1214699

**US Government Securities - End of
Year Book Value:**

948,905

**US Government Securities - End of
Year Fair Market Value:**

925,346

**State & Local Government
Securities - End of Year Book
Value:**

**State & Local Government
Securities - End of Year Fair
Market Value:**

TY 2009 Legal Fees Schedule

Name: FARRER ENDOWMENT FOUNDATION

EIN: 42-1214699

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
HEINY LAW FIRM PLC TAX PREPARATION & ACCOUNTING	13,578	13,578		

TY 2009 Other Decreases Schedule

Name: FARRER ENDOWMENT FOUNDATION

EIN: 42-1214699

Description	Amount
CAPITAL LOSSES	3,771

TY 2009 Other Liabilities Schedule

Name: FARRER ENDOWMENT FOUNDATION

EIN: 42-1214699

Description	Beginning of Year - Book Value	End of Year - Book Value
FEDERAL TAX ESTIMATE	-7,600	-2,408

TY 2009 Other Liabilities Schedule

Name: FARRER ENDOWMENT FOUNDATION

EIN: 42-1214699

Description	Beginning of Year - Book Value	End of Year - Book Value
FEDERAL TAX ESTIMATE	-7,600	-2,408

TY 2009 Taxes Schedule

Name: FARRER ENDOWMENT FOUNDATION

EIN: 42-1214699

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXCISE TAX	2,405			
BANK CHARGE	64		64	