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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:

<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity	<input type="checkbox"/> Final return
<input type="checkbox"/> Amended return	<input type="checkbox"/> Address change	<input type="checkbox"/> Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation SALLY HUGHES CHURCH FOUNDATION C/O ANNE LEACH Number and street (or P O box number if mail is not delivered to street address) 17 E GABILAN STREET City or town, state, and ZIP code SALINAS, CA 93901-3414	A Employer identification number 77-0344378
	Room/suite	B Telephone number 831-758-2401
		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"/>
		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: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ **7,239,286.** (Part I, column (d) must be on cash basis.)

J Accounting method: Cash Accrual
 Other (specify) _____

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(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		22,096.	22,096.		STATEMENT 1
4 Dividends and interest from securities		43,001.	43,001.		STATEMENT 2
5a Gross rents		253,915.	253,915.		STATEMENT 3
b Net rental income or (loss)	214,785.				STATEMENT 4
6a Net gain or (loss) from sale of assets not on line 10		-130,667.			
b Gross sales price for all assets on line 6a	1,533,849.				
7 Capital gain net income (from Part IV, line 2)			0.		
8 Net short-term capital gain					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold	100.				
c Gross profit or (loss)					
11 Other income		-27,786.	-27,786.		STATEMENT 5
12 Total. Add lines through 11	OGDEN, UT	160,559.	291,226.		
13 Compensation of officers, directors, trustees, etc		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees	STMT 6	37,290.	26,103.		11,187.
b Accounting fees	STMT 7	7,200.	5,040.		2,160.
c Other professional fees					
17 Interest					
18 Taxes	STMT 8	46,507.	39,130.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses	STMT 9	19,717.	0.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		110,714.	70,273.		13,347.
25 Contributions, gifts, grants paid		285,000.			285,000.
26 Total expenses and disbursements. Add lines 24 and 25		395,714.	70,273.		298,347.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		-235,155.			
b Net investment income (if negative, enter -0-)			220,953.		
c Adjusted net income (if negative, enter -0-)				N/A	

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Part II Balance Sheets <small>Attached schedules and amounts in the description column should be for end-of-year amounts only</small>		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		377,245.	239,587.
	3 Accounts receivable ►			
	Less: allowance for doubtful accounts ►			
	4 Pledges receivable ►			
	Less: allowance for doubtful accounts ►			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ►			
	Less: allowance for doubtful accounts ►			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations	STMT 12		
	b Investments - corporate stock		1,972,026.	1,923,359.
	c Investments - corporate bonds			1,935,821.
	11 Investments - land, buildings, and equipment basis ►			
	Less accumulated depreciation ►			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment basis ►	5,064,752.		
	Less accumulated depreciation ►		5,886,752.	5,064,752.
	15 Other assets (describe ►	STATEMENT 13)	-1,032.	-874.
	16 Total assets (to be completed by all filers)		8,234,991.	7,226,824.
	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		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		8,234,991.	7,226,824.
Net Assets or Fund Balances	30 Total net assets or fund balances		8,234,991.	7,226,824.
	31 Total liabilities and net assets/fund balances		8,234,991.	7,226,824.

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 8,234,991.
2 Enter amount from Part I, line 27a	2 -235,155.
3 Other increases not included in line 2 (itemize) ►	3 48,988.
4 Add lines 1, 2, and 3	4 8,048,824.
5 Decreases not included in line 2 (itemize) ►	5 822,000.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6 7,226,824.

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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	SEE ATTACHED STATEMENT				
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	1,533,849.		1,664,516.		-130,667.
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					-130,667.
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		-130,667.
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				N/A

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

 Yes No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	340,079.	8,375,080.	.040606
2007	454,972.	5,531,875.	.082246
2006	250,854.	5,120,792.	.048987
2005	243,016.	5,051,982.	.048103
2004	221,814.	4,885,799.	.045400

2 Total of line 1, column (d)

2 .265342

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 .053068

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

4 7,098,794.

5 Multiply line 4 by line 3

5 376,719.

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

6 2,210.

7 Add lines 5 and 6

7 378,929.

8 Enter qualifying distributions from Part XII, line 4

8 298,347.

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.

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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)
1b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b	
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)	
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	
3	Add lines 1 and 2	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	
6	Credits/Payments:	
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a 5,280. 6b 6c 6d
b	Exempt foreign organizations - tax withheld at source	
c	Tax paid with application for extension of time to file (Form 8868)	
d	Backup withholding erroneously withheld	
7	Total credits and payments. Add lines 6a through 6d	7 5,280. 8 9 10 861. 11 Refunded 0.
8	Enter any penalty 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: Credited to 2010 estimated tax ►	

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?	Yes	No	
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>	X		
1c	Did the foundation file Form 1120-POL for this year?	X		
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ► \$ 0. (2) On foundation managers. ► \$ 0.			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ 0.			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>	X		
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>	X		
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	N/A		
b	If "Yes," has it filed a tax return on Form 990-T for this year?			
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>			
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		X	
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>		X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ►			
CA				
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>	X		
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	X		
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	X		

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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

12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008? 12

13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► **N/A** 13

14 The books are in care of ► **ANNE LEACH** Telephone no. ► **831-758-2401**
Located at ► **17 EAST GABILAN ST., SALINAS, CA** ZIP+4 ► **93901**

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 No

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

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

(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? 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 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 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)?

► **N/A**► **1b**

Organizations relying on a current notice regarding disaster assistance check here

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? Yes 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.)

► **N/A**► **2b**

c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.

► **,** **,** **,** **,** **,** **,**

3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? Yes 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.)

► **N/A**► **3b**

4a 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**

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

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?
 Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
 Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes?
 Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?
 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

6b

X

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

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

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
ANNE C. LEACH 17 EAST GABILAN ST. SALINAS, CA 93901	DIRECTOR, PRESIDENT 1.00	0.	0.	0.
W. B. LINDLEY 340 EL CAMINO REAL SOUTH, #37B SALINAS, CA 93901	DIRECTOR, VICE PRESIDENT 1.00	0.	0.	0.
HARRY WARDWELL 301 MAIN STREET SALINAS, CA 93901	DIRECTOR, SECRETARY 1.00	0.	0.	0.
ROSS MERRILL P.O. BOX 659 SALINAS, CA 93902	DIRECTOR, TREASURER 1.00	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

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

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

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

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



0

Part IX-A | Summary of Direct Charitable Activities

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

	Expenses
1 N/A	
2	
3	
4	

Part IX-B | Summary of Program-Related Investments

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

	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	► 0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:	
a	Average monthly fair market value of securities	1a 1,797,161.
b	Average of monthly cash balances	1b 344,984.
c	Fair market value of all other assets	1c 5,064,752.
d	Total (add lines 1a, b, and c)	1d 7,206,897.
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 7,206,897.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4 108,103.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5 7,098,794.
6	Minimum investment return. Enter 5% of line 5	6 354,940.

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	1 354,940.
2a	Tax on investment income for 2009 from Part VI, line 5	2a 4,419.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b
c	Add lines 2a and 2b	2c 4,419.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3 350,521.
4	Recoveries of amounts treated as qualifying distributions	4 0.
5	Add lines 3 and 4	5 350,521.
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	7 350,521.

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 298,347.
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	4 298,347.
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	6 298,347.

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.

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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				350,521.
2 Undistributed income, if any, as of the end of 2008			123,457.	
a Enter amount for 2008 only		0.		
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 298,347.			123,457.	
a Applied to 2008, but not more than line 2a			123,457.	
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				174,890.
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:	0.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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				175,631.
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				

SALLY HUGHES CHURCH FOUNDATION
C/O ANNE LEACH

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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>				
SEE STATEMENT 15				
Total			► 3a	285,000.
<i>b Approved for future payment</i>				
NONE				
Total			► 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		
1 Program service revenue:				
a				
b				
c				
d				
e				
f				
g Fees and contracts from government agencies				
2 Membership dues and assessments				
3 Interest on savings and temporary cash investments			14	22,096.
4 Dividends and interest from securities			14	43,001.

SALLY HUGHES CHURCH FOUNDATION
C/O ANNE LEACH

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

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting foundation to a noncharitable exempt organization of:

- (1) Cash
- (2) Other assets

b Other transactions:

- (1) Sales of assets to a noncharitable exempt organization
- (2) Purchases of assets from a noncharitable exempt organization
- (3) Rental of facilities, equipment, or other assets
- (4) Reimbursement arrangements
- (5) Loans or loan guarantees
- (6) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following section

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

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

Sign Here

X 616 110

President

Sign Here Preparer's signature		Date 06/07/10	Check if self-employed <input type="checkbox"/>	Preparer's identifying number
Paid Preparer's Use Only	GAIL DELOREY GAIL A DELOREY		EIN <input type="checkbox"/>	
	Firm's name (or yours if self-employed), address, and ZIP code ► 450 LINCOLN AVENUE, SUITE 200 SALINAS, CA 93901		Phone no. 831-757-5311	

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	ML ASHFIELD - LT	P	VARIOUS	VARIOUS
b	ML ASHFIELD - ST	P	VARIOUS	VARIOUS
c	PIMCO - LT	P	VARIOUS	VARIOUS
d	PIMCO - ST	P	VARIOUS	VARIOUS
e	BRANDED - LT	P	VARIOUS	VARIOUS
f	BRANDED - ST	P	VARIOUS	VARIOUS
g	LORD ABBOT - LT	P	VARIOUS	VARIOUS
h	LORD ABBOT - ST	P	VARIOUS	VARIOUS
i	GOLDMAN - LT	P	VARIOUS	VARIOUS
j	GOLDMAN - ST	P	VARIOUS	VARIOUS
k				
l				
m				
n				
o				

(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 250,043.		286,380.	-36,337.
b 92,368.		100,886.	-8,518.
c 59,768.		58,881.	887.
d 3,320.		3,261.	59.
e 120,936.		153,218.	-32,282.
f 464,286.		437,437.	26,849.
g 152,592.		177,361.	-24,769.
h 173,952.		181,551.	-7,599.
i 105,966.		156,007.	-50,041.
j 110,618.		109,534.	1,084.
k			
l			
m			
n			
o			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			-36,337.
b			-8,518.
c			887.
d			59.
e			-32,282.
f			26,849.
g			-24,769.
h			-7,599.
i			-50,041.
j			1,084.
k			
l			
m			
n			
o			

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	-130,667.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	}	3	N/A

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

SOURCE	AMOUNT
FIRST NATIONAL BANK	2,137.
MERRILL LYNCH	14,959.
RABOBANK	5,000.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	22,096.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
MERRILL LYNCH	40,651.	0.	40,651.
VEGETABLE GROWERS SUPPLY CO	2,350.	0.	2,350.
TOTAL TO FM 990-PF, PART I, LN 4	43,001.	0.	43,001.

FORM 990-PF RENTAL INCOME STATEMENT 3

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
ARIZONA FARM LAND	1	253,748.
PARTNERSHIP K-1 SALLY CHURCH THOMAS H McNAMARA ET AL	2	167.
TOTAL TO FORM 990-PF, PART I, LINE 5A		253,915.

FORM 990-PF RENTAL EXPENSES STATEMENT 4

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
PROPERTY TAXES		4,486.	
IRRIGATION TAXES		11,952.	
PROPERTY TAXES		22,692.	
- SUBTOTAL -	1		39,130.
TOTAL RENTAL EXPENSES			39,130.
NET RENTAL INCOME TO FORM 990-PF, PART I, LINE 5B			214,785.

FORM 990-PF	OTHER INCOME	STATEMENT	5
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DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
ML WINTON FUTURESACCEDSS LLC	-14,758.	-14,758.	
ML SYSTEMATIC MOMENTUM			
FUTURESACCESS LLC	-13,633.	-13,633.	
OTHER INCOME	605.	605.	
TOTAL TO FORM 990-PF, PART I, LINE 11	-27,786.	-27,786.	

FORM 990-PF	LEGAL FEES	STATEMENT	6
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL	37,290.	26,103.		11,187.
TO FM 990-PF, PG 1, LN 16A	37,290.	26,103.		11,187.

FORM 990-PF	ACCOUNTING FEES	STATEMENT	7
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	7,200.	5,040.		2,160.
TO FORM 990-PF, PG 1, LN 16B	7,200.	5,040.		2,160.

FORM 990-PF

TAXES

STATEMENT

8

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAXES & LICENSES	85.	0.		0.
FOREIGN TAXES	39.	0.		0.
FEDERAL TAXES	7,251.	0.		0.
PENALTIES	2.	0.		0.
PROPERTY TAXES	4,486.	4,486.		0.
IRRIGATION TAXES	11,952.	11,952.		0.
PROPERTY TAXES	22,692.	22,692.		0.
TO FORM 990-PF, PG 1, LN 18	46,507.	39,130.		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
INSURANCE	2,212.	0.		0.
INVESTMENT FEES	15,360.	0.		0.
OFFICE EXPENSE	2,145.	0.		0.
TO FORM 990-PF, PG 1, LN 23	19,717.	0.		0.

FORM 990-PF

OTHER INCREASES IN NET ASSETS OR FUND BALANCES

STATEMENT

10

DESCRIPTION

AMOUNT

UNREALIZED GAIN (LOSS) IN STOCK INVESTMENTS

48,988.

TOTAL TO FORM 990-PF, PART III, LINE 3

48,988.

FORM 990-PF	OTHER DECREASES IN NET ASSETS OR FUND BALANCES	STATEMENT 11
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DESCRIPTION	AMOUNT
UNREALIZED GAIN (LOSS) IN AZ REAL ESTATE INVESTMENTS	822,000.
TOTAL TO FORM 990-PF, PART III, LINE 5	822,000.

FORM 990-PF	CORPORATE STOCK	STATEMENT 12
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
ASHFIELD	0.	0.
BRANDED GLOBAL	969,031.	992,913.
GOLDMAN	0.	0.
LORD ABBOTT	0.	0.
MERRILL LYNCH	600,888.	594,615.
PIMCO	328,389.	323,242.
VEGETABLE GROWERS SUPPLY	25,051.	25,051.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,923,359.	1,935,821.

FORM 990-PF	OTHER ASSETS	STATEMENT 13
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DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
DUE FROM PARTNERSHIP	-1,032.	-874.	-874.
TO FORM 990-PF, PART II, LINE 15	-1,032.	-874.	-874.

FORM 990-PF

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

STATEMENT 14

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

ANNE LEACH
17 EAST GABILAN STREET
SALINAS, CA 93901

TELEPHONE NUMBER

(831) 758-2401

FORM AND CONTENT OF APPLICATIONS

NO SPECIFIC FORM REQUIRED

ANY SUBMISSION DEADLINES

NONE

RESTRICTIONS AND LIMITATIONS ON AWARDS

THE SALLY HUGHES CHURCH FOUNDATION IS GENERALLY INTERESTED IN ASSISTING NON-PROFIT ORGANIZATIONS WITH 501(C)(3) STATUS THAT HAVE PROGRAMS THAT WILL ACHIEVE ALL OR SOME OF THE FOLLOWING OBJECTIVES: PROVIDE ACTIVITIES AND PROGRAMS FOR YOUTH THAT WILL HELP THEM DEVELOP INDIVIDUAL SELF RELIANCE AND GOOD HEALTH. ASSIST YOUTH TO DEVELOP SKILLS AND ATTITUDES TO PREVENT VIOLENT BEHAVIOR. ENRICH THE QUALITY OF LIFE OF YOUTH THROUGH CULTURAL ACTIVITIES. TEACH PARENTS THE VALUE OF APPLYING QUALITY PARENTING SKILLS AND CREATING A NURTURING ENVIRONMENT. IMPROVE THE WELL BEING OF YOUTH. STRENGTHEN THE FAMILY UNIT. PREVENT OR ALLEVIATE CONDITIONS OF YOUTH DEPRIVATION, DISABILITY, VIOLENCE, AND ABUSE.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 15

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
FOUNDATION OF CSUMB 100 CAMPUS CENTER BUILDING 201 SEASIDE, CA 93955	N/A GENERAL	PUBLIC	30,000.
FRIENDS OF THE FAIR P O BOX 7061 SPRECKELS, CA 93962	N/A GENERAL	PUBLIC	20,000.
MONTEREY COUNTY AGRICULTURAL EDUCATION, INC. P O BOX 7461 SPRECKELS, CA 93962	N/A PUBLIC EDUCATION	PUBLIC	20,000.
RANCHO CIELO, INC P O BOX 6948 SALINAS, CA 93912	N/A GENERAL	PUBLIC	50,000.
SALINAS GIRLS FASTPITCH, INC. P O BOX 4397 SALINAS, CA 93912	N/A GENERAL	PUBLIC	50,000.
SALINAS VALLEY FAIR HERITAGE FOUNDATION P O BOX 93930 KING CITY, CA 93930	N/A GENERAL	PUBLIC	20,000.
THE WESTERN STAGE 156 HOMESTEAD AVENUE SALINAS, CA 93901	N/A GENERAL	PUBLIC	15,000.
SALINAS VALLEY MEMORIAL HOSPITAL FOUNDATION PO BOX 4760 SALINAS, CA 93912	N/A NICU DEPT	PUBLIC	30,000.

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PALMA HIGH SCHOOL CAPITAL CAMPAIGN 919 IVERSON ST SALINAS, CA 93901	N/A CAPITAL CAMPAIGN	PUBLIC	30,000.
ARIEL THEATRICAL 320 MAIN STREET SALINAS, CA 93902	N/A GENERAL	PUBLIC	20,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			<u>285,000.</u>