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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 (77)

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

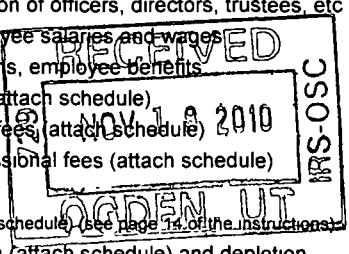
For calendar year 2009, or tax year beginning _____, and ending _____

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 Prajna Foundation	A Employer identification number 86-0876616
	Number and street (or P O box number if mail is not delivered to street address) Room/suite 2725 Agua Fria	B Telephone number (see page 10 of the instructions) 505-983-9794
	City or town, state, and ZIP code Santa Fe NM 87507	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 <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		
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 2,749,227	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis)	

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
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) (see page 11 of the instructions))				
Revenue				
1 Contributions, gifts, grants, etc., received (attach schedule)				
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	9	9	9	
4 Dividends and interest from securities	4,036	4,036	9	
5 a Gross rents	44,539	44,539	43,839	
b Net rental income or (loss) <u>19,830</u>				
6 a Net gain or (loss) from sale of assets not on line 10	66,764			
b Gross sales price for all assets on line 6a <u>336,294</u>				
7 Capital gain net income (from Part IV, line 2)		39		
8 Net short-term capital gain			0	
9 Income modifications				
10 a Gross sales less returns and allowances	0			
b Less Cost of goods sold	0			
c Gross profit or (loss) (attach schedule)	0			
11 Other income (attach schedule)	0	0	0	
12 Total. Add lines 1 through 11	115,348	48,623	43,857	
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc	116,100	30,000		86,100
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16 a Legal fees (attach schedule)	60,717	0	0	60,717
b Accounting fees (attach schedule)	5,545	0	0	5,545
c Other professional fees (attach schedule)	14,476	14,476	0	0
17 Interest	11,769	11,769		
18 Taxes (attach schedule) (see page 14 of the instructions)	1,100	1,100	0	0
19 Depreciation (attach schedule) and depletion	0	0	0	
20 Occupancy				
21 Travel, conferences, and meetings	11,147			11,147
22 Printing and publications				
23 Other expenses (attach schedule)	27,121	16,168	0	9,188
24 Total operating and administrative expenses. Add lines 13 through 23	247,975	73,513	0	172,697
25 Contributions, gifts, grants paid	139,196			139,196
26 Total expenses and disbursements. Add lines 24 and 25	387,171	73,513	0	311,893
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-271,823			
b Net investment income (if negative, enter -0-)		0		
c Adjusted net income (if negative, enter -0-)			43,857	

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24

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	27,105	8,572	8,572
	2 Savings and temporary cash investments	205,437	0	
	3 Accounts receivable <input type="checkbox"/>	0		
	Less allowance for doubtful accounts <input type="checkbox"/>	0	0	0
	4 Pledges receivable <input type="checkbox"/>	0		
	Less allowance for doubtful accounts <input type="checkbox"/>	0	0	0
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)	0	0	0
	7 Other notes and loans receivable (attach schedule) <input type="checkbox"/>	0		
	Less allowance for doubtful accounts <input type="checkbox"/>	0	0	0
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U S and state government obligations (attach schedule)	0	0	0
	b Investments—corporate stock (attach schedule)	272,193	0	0
	c Investments—corporate bonds (attach schedule)	0	0	0
	11 Investments—land, buildings, and equipment basis <input type="checkbox"/>	0		
Less accumulated depreciation (attach schedule) <input type="checkbox"/>	0	0	0	
12 Investments—mortgage loans				
13 Investments—other (attach schedule)	0	0	0	
14 Land, buildings, and equipment basis <input type="checkbox"/>	2,828,991			
Less accumulated depreciation (attach schedule) <input type="checkbox"/>	88,336	2,723,617	2,740,655	
15 Other assets (describe <input type="checkbox"/> Deposit)	1,000	0	0	
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	3,229,352	2,749,227	2,749,227	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons	0	0	
	21 Mortgages and other notes payable (attach schedule)	456,833	248,531	
	22 Other liabilities (describe <input type="checkbox"/>	0	0	
23 Total liabilities (add lines 17 through 22)	456,833	248,531		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>			
	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	2,772,519	2,500,696		
30 Total net assets or fund balances (see page 17 of the instructions)	2,772,519	2,500,696		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	3,229,352	2,749,227		

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	2,772,519
2 Enter amount from Part I, line 27a		2	-271,823
3 Other increases not included in line 2 (itemize) <input type="checkbox"/>		3	0
4 Add lines 1, 2, and 3		4	2,500,696
5 Decreases not included in line 2 (itemize) <input type="checkbox"/> Change in value		5	0
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30		6	2,500,696

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 per UBS		P	various	various
b				
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 75,000	0	74,961	39	
b 0	0	0	0	
c 0	0	0	0	
d 0	0	0	0	
e 0	0	0	0	
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)))	
(j) F M V as of 12/31/69	(k) Adjusted basis as of 12/31/69	(l) Excess of col (i) over col (j), if any		
a 0	0	0	39	
b 0	0	0	0	
c 0	0	0	0	
d 0	0	0	0	
e 0	0	0	0	
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	39
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	0

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	406,605	787,263	0.516479
2007	415,288	2,723,617	0.152477
2006	358,642	2,691,517	0.133249
2005	349,921	2,743,841	0.127530
2004	265,978	2,852,962	0.093229
2 Total of line 1, column (d)			1.022964
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			0.204593
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5			349,446
5 Multiply line 4 by line 3			71,494
6 Enter 1% of net investment income (1% of Part I, line 27b)			0
7 Add lines 5 and 6			71,494
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 on page 18.			311,893

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

1 a 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 checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	0	
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	0	
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4		
5 Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-	5	0	
6 Credits/Payments			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	0	
b Exempt foreign organizations—tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c	0	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments Add lines 6a through 6d	7	0	
8 Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8	0	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	0	
11 Enter the amount of line 10 to be Credited to 2010 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11	0	

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
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
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	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	
8 a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) <input type="checkbox"/> NM		
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>		
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 on page 27)? <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

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		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 ▶ N/A	13	X	
14 The books are in care of ▶ Donna Bailey, CPA Telephone no ▶ (505) 983-1443 Located at ▶ 1440 S Saint Francis Drive SANTA FE NM ZIP+4 ▶ 87505			
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			▶ <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)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1b	N/A	
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 ▶ 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)	2b	N/A	
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? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009)	3b	N/A	
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)? (see page 22 of the instructions) 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 page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here **5b** N/A

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)

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 **6b** X

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? Yes 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
Jeff Harbour 1807 Second St 45 Santa Fe NM 87505	President 40.00	116,100	0	0
Ondrea Levine Box 100 Chamisal NM 87521	Sec-Treas 1.00	0	0	0
Colleen Kelley 63 Kachina Rd Santa Fe NM 87508	Vice-Pres 1.00	0	0	0
	.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

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		0
.....		0
.....		0
.....		0
.....		0
.....		0
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 (see page 24 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 N/A	
2	
All other program-related investments See page 24 of the instructions	
Total. Add lines 1 through 3	0

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	280,408
b	Average of monthly cash balances	1b	74,360
c	Fair market value of all other assets (see page 24 of the instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	354,768
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	354,768
4	Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	5,322
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	349,446
6	Minimum investment return. Enter 5% of line 5	6	17,472

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	17,472
2a	Tax on investment income for 2009 from Part VI, line 5	2a	0
b	Income tax for 2009 (This does not include the tax from Part VI)	2b	0
c	Add lines 2a and 2b	2c	0
3	Distributable amount before adjustments Subtract line 2c from line 1	3	17,472
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	17,472
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	17,472

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	311,893
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	0
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	311,893
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	311,893

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				17,472
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0	
b Total for prior years 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2009				
a From 2004	123,686			
b From 2005	213,304			
c From 2006	224,704			
d From 2007	231,045			
e From 2008	370,022			
f Total of lines 3a through e	1,162,761			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 311,893				
a Applied to 2008, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)		0		
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)	0			
d Applied to 2009 distributable amount				17,472
e Remaining amount distributed out of corpus	294,421			
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	1,457,182			
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				
d Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions		0		
e Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions			0	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (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)	123,686			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	1,333,496			
10 Analysis of line 9				
a Excess from 2005	213,304			
b Excess from 2006	224,704			
c Excess from 2007	231,045			
d Excess from 2008	370,022			
e Excess from 2009	294,421			

Part XIV Private Operating Foundations (see page 27 of the 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)

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

	Tax year				(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
	0	0	0	0	0
b 85% of line 2a	0	0	0	0	0
c Qualifying distributions from Part XII, line 4 for each year listed	0	0	0	0	0
d Amounts included in line 2c not used directly for active conduct of exempt activities					0
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c	0	0	0	0	0
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter					
(1) Value of all assets					0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	0	0	0	0	0
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)					0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
(3) Largest amount of support from an exempt organization					0
(4) Gross investment income					0

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 page 28 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

- 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 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> Ecoversity 2639 Agua Fria St Santa Fe NM 87507 Farmers Market Institute 607 Cerrillos Rd Santa Fe NM 87505	None		General Support	135,996
	None		General Support	3,200
Total			▶ 3a	139,196
b <i>Approved for future payment</i>				
Total			▶ 3b	0

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2009

Name of the organization

Employer identification number

Prajna Foundation

86-0876616

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Line 16a (990-PF) - Legal Fees

		60,717	0	0	60,717	0	60,717
	Name of Organization or Person Providing Service	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)		
1	White, Koch, Kelly & McCarthy						
2	Barlow & Wilcox						
3	Lawrence Taub, Esq.	15,770			15,770		
4	Friedman, Boyd, Hollander & Ives	6,375			6,375		
5	Montgomery & Andrews	38,572			38,572		
6							
7							
8							
9							
10							

Line 16b (990-PF) - Accounting Fees

		5,545	0	0	5,545
	Name of Organization or Person Providing Service	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	Pulakos & Alongi	5,545			5,545
2					
3					
4					
5					
6					
7					
8					
9					
10					

Line 16c (990-PF) - Other Fees

		14,476	14,476	0	0
	Name of Organization or Person Providing Service	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	UBS Investment advisory services	1,690	1,690		
2	Real Estate Management Services	12,786	12,786		
3					
4					
5					
6					
7					
8					
9					
10					

Line 18 (990-PF) - Taxes

		1,100	1,100	1,100	0	0
	Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes	
1	Real estate tax not included in line 20	1,100	1,100			
2	Tax on investment income					
3	Income tax					
4	Real estate tax not included in line 20					
5						
6						
7						
8						
9						
10						

Line 23 (990-PF) - Other Expenses

	Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
		27,121	16,168	0	9,188
1	Amortization See attached statement	0	0	0	0
2	Appraisal Fees	1,448	1,448		
3	Fees	10			10
4	Insurance	3,364	940		
5	Bank Charges	423	278		
6	Chimayo maintenance	6,000	6,000		
7	Storage	4,800			4,800
8	Utilities	2,380	2,380		
9	Office & supplies	3,574			4,378
10	Closing Costs	5,122	5,122		
11					
12					
13					
14					
15					
16					

Part II, Line 10b (990-PF) - Investments - Corporate Stock

				272,193	0	355,379	0
	Description	Num Shares/ Face Value	Book Value Beg. of Year	Book Value End of Year	FMV Beg. of Year	FMV End of Year	
1	UBS		222,055	0	298,371	0	0
2	UBS		50,138	0	57,008	0	0
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							

Part II, Line 14 (990-PF) - Land, Buildings, and Equipment

		2,828,991	88,336	88,336	2,723,617	2,740,655	2,740,655
	Item or Category	Cost or Other Basis	Accumulated Depreciation Beg of Year	Accumulated Depreciation End of Year	Book Value Beg of Year	Book Value End of Year	FMV End of Year
1	Buildings (2001)	63,301	10,997	10,997	52,304	52,304	52,304
2	Buildings (2000)	21,683	3,836	3,836	17,847	17,847	17,847
3	Improvements (2001)	1,308	851	851	457	457	457
4	Improvements (2002)	17,436	8,100	8,100	9,336	9,336	9,336
5	Renovations (2003)	8,214	3,300	3,300	4,914	4,914	4,914
6	Computer (2002)	1,869			1,869	1,869	1,869
7	Improvements (2004)	31,664	11,084	11,084	20,580	20,580	20,580
8	Land (2001)	86,700			86,700	86,700	86,700
9	Land (2002)	625,656			625,656	625,656	625,656
10	Improvements (2005)	57,006	14,250	14,250	42,756	42,756	42,756
11	Improvements (2006)	49,097	3,095	3,095	46,002	46,002	46,002
12	Building (2006)	485,000	12,435	12,435	472,565	472,565	472,565
13	Land (2006)	199,900			199,900	199,900	199,900
14	Building (2007)	565,000	14,478	14,478	550,522	550,522	550,522
15	Land (2007)	195,000			195,000	195,000	195,000
16	Improvements (2007)	182,119	4,670	4,670	177,449	177,449	177,449
17	Improvements (2007)	4,025	103	103	3,922	3,922	3,922
18	Improvements (2007)	3,075	79	79	2,996	2,996	2,996
19	Improvements (2007)	2,268	58	58	2,210	2,210	2,210
20	Land (2006)	100			100	100	100
21	Computer (2007)	5,000	1,000	1,000	4,000	4,000	4,000
22	Improvements (2008)	13,353			13,353	13,353	13,353
23	Improvements (2008)	124,322			124,322	124,322	124,322
24	Building (2008)				0	0	0
25	Computer (2008)	668			668	668	668
26	Security System (2008)	2,100			2,100	2,100	2,100
27	Improvements (2008)	19,793			19,793	19,793	19,793
28	Improvements (2008)	46,296			46,296	46,296	46,296
29	Improvements (2009)	8,942			8,942	8,942	8,942
30	Improvements (2009)	8,096			8,096	8,096	8,096
31					0	0	0

Part II, Line 15 (990-PF) - Other Assets

	Description	Beginning Balance	Ending Balance	Fair Market Value
1	Deposit	1,000	0	
2				
3				
4				
5				
6				
7				
8				
9				
10				

1,000 0 0

Part II, Line 21 (990-PF) - Mortgages and Other Notes Payable

	Name of Lender	Title	Check "X" if Business	Original Amount	Balance Due Beg of Year	Balance Due End of Year	Security Provided	Date of Note					
1	UBS		X	0	456,833	0	Equities	12/30/2006					
2	First National Bank		X	0		248,531	Real Estate	3/31/2009					
3													
4													
5													
6													
7													
8													
9													
10													
				0	456,833	248,531							

Part

0

	Maturity Date	Repayment Terms	Interest Rate	Purpose of Loan	Description	Fair Market Value	Relationship
1			2.97%	Building improvements	Building improvements		None
2	3/31/2029	20 year	6.00%	Building improvements	Building improvements		None
3							
4							
5							
6							
7							
8							
9							
10							

Part VII-A, Line 2 (990-PF) - Activities Not Previously Reported

Has the organization engaged in any activities that have not previously been reported to the IRS? Yes No

If "Yes", please describe the activities.

Part

	116,100	0	0	0
	Compensation	Benefits	Expense Account	Explanation
1	116,100			
2				
3				
4				
5				
6				
7				
8				
9				
10				



UBS Financial Services Inc
600 SW COLUMBIA
SUITE 6200
BEND OR 97702-1889

APP1000600419 1209 X15 TV 0

2009 Year End Summary

Account name: PRAJNA FOUNDATION

PMP

Friendly account name: Prajna

Account number: TV [REDACTED] KR

Your Financial Advisor:

RIVERA, KEITH A

Phone 541-617-7020/800-493-3302

PRAJNA FOUNDATION

PMP

2361 SANTA BARBARA DRIVE

SANTA FE NM 87505-5742

Summary of gains and losses

	Amount (\$)
Short term	39 50
Long term	53,123 06
Total	\$53,162.56

Realized gains and losses

Estimated 2009 gains and losses for transactions with trade dates through 12/31/09 have been incorporated into this statement. To calculate gains and losses, we liquidate the oldest security lot first. This is known as the first-in, first-out or FIFO accounting method. We use this method unless you specified which tax lot to close when you placed your order. This is known as a versus purchases or VSP order. See *Important information about your statement* on the last page of this statement for more information.

We may not adjust gains and losses for all capital changes. Cost basis for coupon tax-exempt municipal securities, include securities subject to AMT, has been adjusted for mandatory amortization of bond premium. Estimates in the Unclassified section can not be classified as short term or long term because information is missing, or the product is one in which the gain/loss calculation is not provided.

Short-term capital gains and losses

Security description	Method	Quantity or face value (\$)	Purchase date	Sale date	Sale amount (\$)	Purchase amount (\$)	Loss (\$)	Gain (\$)	Net gain or loss (\$)
GOLDMAN SACHS BK UT US RT 02 8500% MAT 04/01/09 FIXED RATE CD	FIFO	25,000 000	Nov 05, 08	Apr 01, 09	25,000 00	24,960 50		39 50	

continued next page



Member SIPC

00012698 00012023

APP10002000600419 PP1000091149 00002 1209 X15 000000000 0 TV KR



Friendly account name: Prajna
Account number: TV 1 KR

Realized gains and losses (continued)

Short-term capital gains and losses (continued)

Security description	Method	Quantity or face value (\$)	Purchase date	Sale date	Sale amount (\$)	Purchase amount (\$)	Loss (\$)	Gain (\$)	Net gain or loss (\$)
NATIONAL BANK OF AZ US RT 02.7500% MAT 05/05/09 FIXED RATE CD	FIFO	25,000 000	Nov 05, 08	May 05, 09	25,000 00	25,000 00			
ZIONS FIRST NAT BK UT US RT 02.3500% MAT 02/12/09 FIXED RATE CD	FIFO	25,000 000	Nov 05, 08	Feb 12, 09	25,000 00	25,000 00			
Total					\$75,000.00	\$74,960.50		\$39.50	\$39.50

Long-term capital gains and losses

Security description	Method	Quantity or face value (\$)	Purchase date	Sale date	Sale amount (\$)	Purchase amount (\$)	Loss (\$)	Gain (\$)	Net gain or loss (\$)
CONS ENERGY INC	FIFO	400 000	Jan 28, 04	Feb 27, 09	10,863 93	4,538 00		6,325 93	
EXXON MOBIL CORP	FIFO	1,000 000	Dec 19, 00	Feb 27, 09	68,649 61	43,656 26		24,993 35	
GOOGLE INC CL A	FIFO	50 000	Jul 25, 05	Feb 27, 09	16,967 11	14,972 50		1,994 61	
JOHNSON & JOHNSON COM	FIFO	50 000	Jan 03, 06	Feb 27, 09	16,967 11	21,706 95	-4,739 84		
NOVARTIS AG SPON ADR	FIFO	400 000	Dec 19, 00	Feb 27, 09	20,099 88	19,850 00		249 88	
NOVARTIS AG SPON ADR	FIFO	500 000	Mar 05, 04	Feb 27, 09	18,220 39	22,065 00	-3,844 61		
PETROLEO BRASILEIRO SA SPON ADR	FIFO	800 000	Aug 14, 03	Feb 27, 09	22,369 31	4,200 00		18,169 31	
PFIZER INC	FIFO	115 000	Jul 24, 02	Feb 27, 09	1,421 39	3,047 50	-1,626 11		
BP PRUDHOE BAY ROYALTY TRUST UBI	FIFO	200 000	May 17, 07	Feb 27, 09	11,844 93	13,058 00	-1,213 07		
ISHARES SILVER TRUST	FIFO	2,000 000	Dec 20, 06	Feb 27, 09	25,902 05	25,070 00		832 05	
SPDR GOLD TRUST	FIFO	200 000	Nov 28, 06	Feb 27, 09	18,524 78	12,720 00		5,804 78	
SPDR GOLD TRUST	FIFO	200 000	Dec 20, 06	Feb 27, 09	18,524 78	12,348 00		6,176 78	
Total					\$250,355.27	\$197,232.21	-\$11,423.63	\$64,546.69	\$53,123.06

Net capital gains/losses:

Gains and losses not calculated

Security description	Method	Quantity or face value (\$)	Purchase date	Sale date	Sale amount (\$)	Purchase amount (\$)	Loss (\$)	Gain (\$)	Net gain or loss (\$)
PFIZER INC		885 000		Feb 27, 09	10,938 54	0 00			

¹ Indicates that the cost basis information has been provided by a source other than UBS Financial Services Inc

—This information was unavailable—