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

2009

Department of the Treasury
Internal Revenue Service

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

For calendar year 2009, or tax year beginning

, 2009, and ending

G Check all that apply.

 Initial return Initial Return of a former public charity Final return Amended return Address change Name changeUse the
IRS label.
Otherwise,
print
or type.
See Specific
Instructions.Payne Family Foundation
3490 California Street #209
San Francisco, CA 94118

A Employer identification number

94-3207544

B Telephone number (see the instructions)

(415) 981-2810

C If exemption application is pending, check here ► D 1 Foreign organizations, check here ► 2 Foreign organizations meeting the 85% test, check
here and attach computation .. ► E If private foundation status was terminated
under section 507(b)(1)(A), check here ► F If the foundation is in a 60-month termination
under section 507(b)(1)(B), check here ► H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundationI Fair market value of all assets at end of year (from Part II, column (c), line 15) J Accounting method Cash Accrual
 Other (specify)
(Part I, column (d) must be on cash basis)

Part I Analysis of Revenue and

Expenses (The total of amounts in
columns (b), (c), and (d) may not neces-
sarily equal the amounts in column (a)
(see the instructions))(a) Revenue and
expenses per books(b) Net investment
income(c) Adjusted net
income(d) Disbursements
for charitable
purposes
(cash basis only)

REVENUE	1 Contributions, gifts, grants, etc, received (att sch)			
	2 Ck ► <input checked="" type="checkbox"/> if the foundn is not req to att Sch B			
	3 Interest on savings and temporary cash investments	191.	191.	191.
	4 Dividends and interest from securities	11,761.	11,761.	11,761.
	5a Gross rents			
	b Net rental income or (loss)			
	6a Net gain/(loss) from sale of assets not on line 10			
	b Gross sales price for all assets on line 6a			
	7 Capital gain net income (from Part IV, line 2)			
	8 Net short-term capital gain			
	9 Income modifications			
	10a Gross sales less returns and allowances			
	b Less Cost of goods sold			
	c Gross profit/(loss) (att sch)			
	11 Other income (attach schedule)			
	12 Total. Add lines 1 through 11	11,952.	11,952.	11,952.
ADMINISTRATIVE OPERATING AND EXPENSES	13 Compensation of officers and directors	..		
	14 Other employee salaries and wages			
	15 Pension plans, employee benefits			
	16a Legal fees (attach schedule)			
	b Accounting fees (attach sch) See St 1	2,205.		2,205.
	c Other prof fees (attach sch)			
	17 Interest	31.		
	18a Taxes (attach schedule) See Stmt 2	239.		239.
	19 Depreciation (attach sch) and depletion			
	20 Occupancy			
	21 Travel, conferences, and meetings			
	22 Printing and publications			
	23 Other expenses (attach schedule) See Statement 3	61.		61.
	24 Total operating and administrative expenses. Add lines 13 through 23	2,505.		2,505.
	25 Contributions, gifts, grants paid Stmt 4	270,835.		270,835.
	26 Total expenses and disbursements. Add lines 24 and 25	273,340.	0.	2,505.
	27 Subtract line 26 from line 12: a Excess of revenue over expenses and disbursements	-261,388.		
	b Net investment income (if negative, enter -0-)		11,952.	
	c Adjusted net income (if negative, enter -0-)			9,447.

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
ASSETS	1	Cash – non-interest-bearing		
	2	Savings and temporary cash investments	728,430.	465,972.
	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 (attach schedule) (see the instructions)		
	7	Other notes and loans receivable (attach sch) ►		
		Less allowance for doubtful accounts ►		
	8	Inventories for sale or use		
	9	Prepaid expenses and deferred charges		681.
	10a	Investments – U S and state government obligations (attach schedule)		
	b	Investments – corporate stock (attach schedule)	348,793.	348,793.
	c	Investments – corporate bonds (attach schedule)		
	11	Investments – land, buildings, and equipment basis		
	Less accumulated depreciation (attach schedule) ►			
12	Investments – mortgage loans			
13	Investments – other (attach schedule)			
14	Land, buildings, and equipment basis			
	Less accumulated depreciation (attach schedule) ►			
15	Other assets (describe ►)			
16	Total assets (to be completed by all filers – see instructions Also, see page 1, item I)	1,077,223.	815,446.	0.
LIABILITIES	17	Accounts payable and accrued expenses	389.	
	18	Grants payable		
	19	Deferred revenue		
	20	Loans from officers, directors, trustees, & other disqualified persons		
	21	Mortgages and other notes payable (attach schedule)		
	22	Other liabilities (describe ►)		
	23	Total liabilities (add lines 17 through 22)	389.	0.
NET ASSETS	Foundations that follow SFAS 117, check here 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 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, building, and equipment fund	3,076,747.	3,076,747.
	29	Retained earnings, accumulated income, endowment, or other funds	-1,999,913.	-2,261,301.
	30	Total net assets or fund balances (see the instructions)	1,076,834.	815,446.
	31	Total liabilities and net assets/fund balances (see the instructions)	1,077,223.	815,446.

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	1,076,834.
2	Enter amount from Part I, line 27a	2	-261,388.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	815,446.
5	Decreases not included in line 2 (itemize) ►	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	815,446.

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 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a	N/A			
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				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h)) gain minus column (k), but not less than -0- or Losses (from column (h))	
a				
b				
c				
d				
e				
2 Capital gain net income or (net capital loss)	[If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7]		2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	[If gain, also enter in Part I, line 8, column (c) (see 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

N/A

1 Enter the appropriate amount in each column for each year; see 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 (column (b) divided by column (c))
2009			
2007			
2006			
2005			
2004			

2 Total of line 1, column (d)

2

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

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

4

5 Multiply line 4 by line 3

5

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

6

7 Add lines 5 and 6

7

8 Enter qualifying distributions from Part XII, line 4

8

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

Part VI | Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 – see 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 instr.)	
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b	1 239.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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	3 239.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4 0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-.	5 239.
6 Credits/Payments.	
a 2009 estimated tax pmts and 2008 overpayment credited to 2009	6a 920.
b Exempt foreign organizations – tax withheld at source	6b
c Tax paid with application for extension of time to file (Form 8852)	6c
d Backup withholding erroneously withheld	6d
7 Total credits and payments. Add lines 6a through 6d	7 920.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9 0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid.	10 681.
11 Enter the amount of line 10 to be Credited to 2010 estimated tax ► 0. Refunded	11 681.

Part VII-A | Statements Regarding Activities

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?

	Yes	No
1a	X	

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?

1b	X
----	---

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

c Did the foundation file Form 1120-POL for this year?

1c	X
----	---

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year

1d	0.
----	----

(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	X
---	---

2 Has the foundation engaged in any activities that have not previously been reported to the IRS?

3	X
---	---

If 'Yes,' attach a detailed description of the activities

4a	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? If 'Yes,' attach a conformed copy of the changes

4b	N/A
----	-----

4a Did the foundation have at least \$1,000 in assets at any time during the year? If 'Yes,' enter the amount.

5	X
---	---

b If 'Yes,' has it filed a tax return on Form 990-T for this year?

6	X
---	---

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?

7	X
---	---

If 'Yes,' attach the statement required by General Instruction T.

8a	
----	--

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?

8b	X
----	---

7 Did the foundation have at least \$5,000 in assets at any time during the year? If 'Yes,' complete Part II, column (c), and Part XIV

9	X
---	---

8a Enter the states to which the foundation reports or with which it is registered (see the instructions) ► CA

10	X
----	---

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? If 'No,' attach explanation

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)? If 'Yes,' complete Part XIV

10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses

Part VII-A Statements Regarding Activities Continued

11		X
12		X
13	X	
14	Lisle W. & Roslyn B. Payne 3490 California Street, Suite 209 CA	Telephone no. (415) 981-2810 ZIP + 4 94118
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	N/A ► 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 the instructions)?

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?

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?

If 'Yes,' list the years ► 20__, 20__, 20__, 20__

 Yes No

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 the instructions)

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__

2b N/A

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)

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 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 instructions)?

5b N/A

Organizations relying on a current notice regarding disaster assistance check here ► **c** If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?N/A Yes No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

6b X

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?

7b N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (see 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
Roslyn B. Payne 3490 California Street, #209 San Francisco, CA 94118	President 0	0.	0.	0.
Lisle W. Payne 3490 California Street, #209 San Francisco, CA 94118	Secretary/Tr 0	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1— see 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 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		

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.

1	N/A	
2		
3		
4		

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

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

1	<u>N/A</u>	
2		

All other program-related investments See instructions

3 _____

Total. Add lines 1 through 3

Form 990-PF (2009)

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes		
a Average monthly fair market value of securities	1a	348,956.
b Average of monthly cash balances	1b	559,934.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	908,890.
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	908,890.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	13,633.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	895,257.
6 Minimum investment return. Enter 5% of line 5	6	44,763.

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	44,763.
2a Tax on investment income for 2009 from Part VI, line 5	2a	239.
b Income tax for 2009 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	239.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	44,524.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	44,524.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	44,524.

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	270,835.
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	270,835.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net assets. Enter 1% of Part I, line 2/b (see instructions)	5	
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	270,835.

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				44,524.
2 Undistributed income, if any, as of the end of 2009.			0.	
a Enter amount for 2008 only		0.		
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2009:				
a From 2004	157,217.			
b From 2005	97,875.			
c From 2006	475,892.			
d From 2007	234,993.			
e From 2008	124,743.			
f Total of lines 3a through e	1,090,720.			
4 Qualifying distributions for 2009 from Part XII, line 4 ► \$ 270,835.			0.	
a Applied to 2008, but not more than line 2a			0.	
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			44,524.	
e Remaining amount distributed out of corpus	226,311.			
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	1,317,031.			
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 5c from line 5b Taxable amount – see instructions		0.		
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount – see 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 instructions)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see instructions)	157,217.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	1,159,814.			
10 Analysis of line 9				
a Excess from 2005	97,875.			
b Excess from 2006	475,892.			
c Excess from 2007	234,993.			
d Excess from 2008	124,743.			
e Excess from 2009	226,311.			

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

N/A

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 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))
See Statement 5

See statement 5

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

None

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

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

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

See Statement 6

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

See Statement for Line 2a

• Any submission deadlines

See Statement for Line 2a

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

See Statement for Line 2a

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>				
Total				► 3a
<i>b Approved for future payment</i>				
Total				► 3b

Part XVI-A Analysis of Income-Producing Activities

Line	Description	Unrelated business income		Excluded by section 512, 513, or 514	(e) Related or exempt function income (see the instructions)
		(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	191.
4	Dividends and interest from securities			14	11.761.
5	Net rental income or (loss) from real estate:				
a	Debt-financed property				
b	Not debt-financed property				
6	Net rental income or (loss) from personal property				
7	Other investment income				
8	Gain or (loss) from sales of assets other than inventory				
9	Net income or (loss) from special events				
10	Gross profit or (loss) from sales of inventory				
11	Other revenue				
a					
b					
c					
d					
e					
12	Subtotal Add columns (b), (d), and (e)				11,952.
13	Total Add line 12, columns (b), (d), and (e)			13	11,952.

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

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

	Yes	No
1a (1)		X
1a (2)		X
1b (1)		X
1b (2)		X
1b (3)		X
1b (4)		X
1b (5)		X
1b (6)		X
1c		X

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 other foundations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

5. 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.

SIG ► John J.
Signature of officer or trustee

5/13/2010
Date

→ President
Title

N H E R E Paid Pre- parer's Use Only	Preparer's signature	► <i>Anne M. Liang</i>	Date	Preparer's Identifying number (See Signature in the instrs)
	Anne Liang, CPA	5/11/2010	Check if self- employed ► <input checked="" type="checkbox"/> N/A	
Firm's name (or yours if self- employed), address, and ZIP code	► ANNE LIANG CPA 5517 GEARY BLVD STE 205 SAN FRANCISCO, CA 94121-2208	EIN ► N/A	Phone no ► (415) 751-1860	

BAA

Form 990-PF (2009)

Statement 1
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Accounting Fees	\$ 2,205.	\$ 2,205.	\$ 2,205.	\$ 0.
Total	\$ 2,205.	\$ 0.	\$ 2,205.	\$ 0.

Statement 2
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Federal Taxes	\$ 239.	\$ 0.	\$ 239.	\$ 0.
Total	\$ 239.	\$ 0.	\$ 239.	\$ 0.

Statement 3
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Bank Fee	\$ 51.	\$ 51.	\$ 51.	\$ 0.
State Filing Fee	\$ 10.	\$ 10.	\$ 10.	\$ 0.
Total	\$ 61.	\$ 0.	\$ 61.	\$ 0.

Statement 4
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Cash Grants and Allocations

Class of Activity:	Community Outreach
Donee's Name:	ALS Association
Donee's Address:	6950 Squibb Road, Suite 210
	Mission, KS 66202
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	\$ 100.
Class of Activity:	Community Outreach
Donee's Name:	Bayview Hunter's Point YMCA
Donee's Address:	1601 Lane Street
	San Francisco, CA 94121
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	\$ 1,175.

Statement 4 (continued)
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Class of Activity:	Community Outreach
Donee's Name:	Bayview Hunter's Point YMCA
Donee's Address:	1601 Lane Street San Francisco, CA 94121
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	\$ 1,110.
Class of Activity:	Education
Donee's Name:	Breakthrough Collaborative
Donee's Address:	545 Sansome Street, Suite 700 San Francisco, CA 94111
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	1,000.
Class of Activity:	Sports
Donee's Name:	College of San Mateo
Donee's Address:	1700 West Hillsdale Blvd. San Mateo, CA 94402
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	500.
Class of Activity:	Sports
Donee's Name:	College of San Mateo
Donee's Address:	1700 West Hillsdale Blvd. San Mateo, CA 94402
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	250.
Class of Activity:	Health
Donee's Name:	City of Hope
Donee's Address:	5090 Shorenham Place, Suite 212 San Diego, CA 92122
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	1,000.
Class of Activity:	Health
Donee's Name:	Foundation of Fighting Blindness
Donee's Address:	111 W. Evelyn Avenue, Suite 305 Sunnyvale, CA 94086
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	5,000.
Class of Activity:	Education
Donee's Name:	University of California Berkeley Founda
Donee's Address:	2080 Addison Street Berkeley, CA 94720
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	10,000.
Class of Activity:	Education

Statement 4 (continued)
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Donee's Name:	Hoover Institution
Donee's Address:	Stanford University Stanford, CA 94305
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	\$ 1,000.
Class of Activity:	Children's Programs
Donee's Name:	Jewish Community Center of San Francisco
Donee's Address:	3200 California Street San Francisco, CA 94118
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	5,000.
Class of Activity:	Community Outreach
Donee's Name:	KQED
Donee's Address:	P.O. Box 7618 San Francisco , CA 94120
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	100.
Class of Activity:	Education
Donee's Name:	Morehouse College
Donee's Address:	830 Westview Drives S.W. Atlanta, GA 30314
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	5,000.
Class of Activity:	Community Outreach
Donee's Name:	Pacific Legal Foundation
Donee's Address:	3900 Lennane Drive, Suite 200 Sacramento, CA 95831
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	1,000.
Class of Activity:	Sports
Donee's Name:	Positive Coaching Alliance
Donee's Address:	1001 N. Rengstorff Avenue, Ste. 100 Mountain View, CA 94043
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	50,000.
Class of Activity:	Sports
Donee's Name:	Positive Coaching Alliance
Donee's Address:	1001 N. Rengstorff Avenue, Ste. 100 Mountain View, CA 94043
Relationship of Donee:	
Organizational Status of Donee:	
Amount Given:	500.
Class of Activity:	Sports
Donee's Name:	Positive Coaching Alliance

Statement 4 (continued)
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Donee's Address: 1001 N. Rengstorff Avenue, Ste 10
Mountain View, CA 94043

Relationship of Donee:
Organizational Status of Donee:
Amount Given: \$ 2,000.

Class of Activity: Sports
Donee's Name: Positive Coaching Alliance
Donee's Address: 1001 N. Rengstorff Avenue, Ste 100
Mountain View, CA 94043

Relationship of Donee:
Organizational Status of Donee:
Amount Given: 4,000.

Class of Activity: Sports
Donee's Name: Positive Coaching Alliance
Donee's Address: 1001 N. Rengstorff Avenue, Ste 100
Mountain View, CA 94043

Relationship of Donee:
Organizational Status of Donee:
Amount Given: 7,500.

Class of Activity: Sports
Donee's Name: Positive Coaching Alliance
Donee's Address: 1001 N. Rengstorff Avenue, Ste 100
Mountain View, CA 94043

Relationship of Donee:
Organizational Status of Donee:
Amount Given: 4,000.

Class of Activity: Health
Donee's Name: Harvard University
Donee's Address: 124 Mount Auburn ST, Ste 430 North
Cambridge, MA 02138

Relationship of Donee:
Organizational Status of Donee:
Amount Given: 35,000.

Class of Activity: Education
Donee's Name: SF Day School Breakthrough Collaborative
Donee's Address: 350 Masonic Avenue
San Francisco, CA 94118

Relationship of Donee:
Organizational Status of Donee:
Amount Given: 1,000.

Class of Activity: Education
Donee's Name: San Francisco Education Fund
Donee's Address: 727 Golden Gate Ave, 2nd Floor
San Francisco, CA 94102

Relationship of Donee:
Organizational Status of Donee:
Amount Given: 175.

Class of Activity: Education
Donee's Name: Sigma Chi Foundation
Donee's Address: 1714 Hinman Avenue

Statement 4 (continued)
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Relationship of Donee: Evanston , IL 60201
Organizational Status of Donee:
Amount Given: \$ 250.

Class of Activity: Health
Donee's Name: Stone Research Foundation
Donee's Address: 3727 Buchanan Street, Suite 203
San Francisco, CA 94123

Relationship of Donee: Organizational Status of Donee:
Amount Given: 1,000.

Class of Activity: Health
Donee's Name: University Of California San Francisco
Donee's Address: 10 Koret Way, Box 0352
San Francisco, CA 94143

Relationship of Donee: Organizational Status of Donee:
Amount Given: 10,000.

Class of Activity: Education
Donee's Name: University of Arizona foundation
Donee's Address: 1130 E. Helen Street
Tucson, AZ 85721

Relationship of Donee: Organizational Status of Donee:
Amount Given: 750.

Class of Activity: Education
Donee's Name: University of Arizona Foundation
Donee's Address: P.O. Box 210108, Room 417
Tucson , AZ 85721

Relationship of Donee: Organizational Status of Donee:
Amount Given: 750.

Class of Activity: Education
Donee's Name: University of Arizona Foundation
Donee's Address: P.O. Box 210108, Room 417
Tucson , AZ 85721

Relationship of Donee: Organizational Status of Donee:
Amount Given: 100,000.

Class of Activity: Health
Donee's Name: University fo California SF Foundation
Donee's Address: 220 Montgomery Street, 5th Floor
San Francisco, CA 94104

Relationship of Donee: Organizational Status of Donee:
Amount Given: 20,000.

Class of Activity: Sports
Donee's Name: University of California Regents
Donee's Address: 195 Haas Pavilion
Berkeley, CA 94720

Statement 4 (continued)
Form 990-PF, Part I, Line 25
Contributions, Gifts, and Grants

Relationship of Donee:
Organizational Status of Donee:
Amount Given: \$ 250.

Class of Activity: Miscellaneous Grants
Donee's Name: Village Shalom Charitable Supporting Fou
Donee's Address: 5500 West 123rd Street
Overland Park, KS 66209

Relationship of Donee:
Organizational Status of Donee:
Amount Given: 1,425.

Total \$ 270,835.

Statement 5
Form 990-PF, Part XV, Line 1a
Foundation Managers - 2% or More Contributors

Roslyn B. Payne
Lisle W. Payne

Statement 6
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

Name of Grant Program:
Name: Lisle and Roslyn Payne
Care Of:
Street Address: 3490 California Street, Suite 209
City, State, Zip Code: San Francisco, CA 94110
Telephone:
Form and Content:
Submission Deadlines: None
Restrictions on Awards:

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**LIANG, ANNE, CPA
5517 GEARY BLVD #205
SAN FRANCISCO, CA - 94121**

SF#: 1852269

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Roslyn B. Payne, Foundation President
415-981-2810
5/4/10

SF-1852269#

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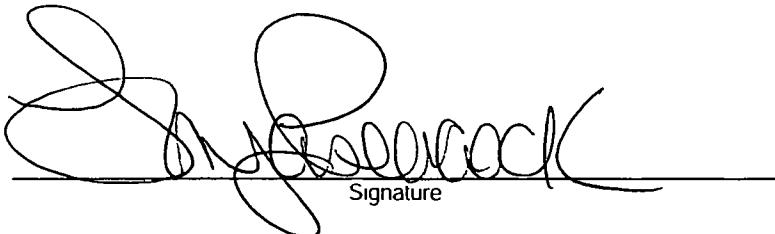
Ad Description ANNUAL RETURN FOR PAYNE FAMILY FOUNDATION

I am a citizen of the United States and a resident of the State of California, I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the SAN FRANCISCO DAILY JOURNAL, a newspaper published in the English language in the city of SAN FRANCISCO, county of SAN FRANCISCO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SAN FRANCISCO, State of California, under date 06/28/1990, Case Nos. 670493 and 18,469. That the notice of which the annexed is a part, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

05/04/2010

Executed on 05/04/2010
At SAN FRANCISCO, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct



Signature



* A 0 0 0 0 0 1 6 6 6 2 7 7 *