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

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

2009

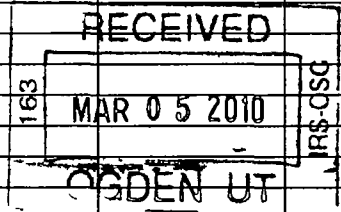
For calendar year **2009**, or tax year beginning , **2009**, and ending , **20**

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 LAYNE FOUNDATION	A Employer identification number 95-1765157
	Number and street (or P O box number if mail is not delivered to street address) Room/suite 29214 WHITES POINT DRIVE	B Telephone number (see page 10 of the instructions) 310-544-4700
	City or town, state, and ZIP code RANCHO PALOS VERDES, CA 90275-4644	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"/>
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		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"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ 36,151,219	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> 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) (see page 11 of the instructions))	(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 (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	4,274	4,274		
4	Dividends and interest from securities	268,188	268,188		
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10				
b	Gross sales price for all assets on line 6a				
7	Capital gain net income (from Part IV, line 2)				
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 or (loss) (attach schedule)				
11	Other income (attach schedule)	1,695,211	1,695,211		
12	Total. Add lines 1 through 11	1,967,673	1,967,673		
13	Compensation of officers, directors, trustees, etc.	153,600	153,600		
14	Other employee salaries and wages				
15	Pension plans, employee benefits	21,587	21,587		
16a	Legal fees (attach schedule)				
b	Accounting fees (attach schedule)				
c	Other professional fees (attach schedule)				
17	Interest				
18	Taxes (attach schedule) (see page 14 of the instructions)	44,408			
19	Depreciation (attach schedule) and depletion	12,865	12,865		
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (attach schedule)	9,589	9,589		
24	Total operating and administrative expenses. Add lines 13 through 23	242,049	197,641		
25	Contributions, gifts, grants paid				
26	Total expenses and disbursements. Add lines 24 and 25	242,049	197,641		
27	Subtract line 26 from line 12:				
a	Excess of revenue over expenses and disbursements	1,725,624			
b	Net investment income (if negative, enter -0-)		1,770,032		
c	Adjusted net income (if negative, enter -0-)				

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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 (See instructions)</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	1,089,107	2,190,435	2,190,435
	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 page 16 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ 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 (attach schedule)			
	b Investments—corporate stock (attach schedule)	2,923,776	3,123,776	3,410,763
	c Investments—corporate bonds (attach schedule)	6,000,000	6,000,000	5,921,715
	11 Investments—land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	1,182,000	2,115,000	2,115,000
	14 Land, buildings, and equipment: basis ▶ 51,460 Less: accumulated depreciation (attach schedule) ▶ 51,460	12,865	0	0
15 Other assets (describe ▶ Program Related Investments)	23,009,145	22,513,306	22,513,306	
16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	34,216,893	35,942,517	36,151,219	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	975,473	975,473	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	33,241,420	34,967,044	
30 Total net assets or fund balances (see page 17 of the instructions)	34,216,893	35,942,517		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	34,216,893	35,942,517		

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	34,216,893
2 Enter amount from Part I, line 27a	2	1,725,624
3 Other increases not included in line 2 (itemize) ▶	3	0
4 Add lines 1, 2, and 3	4	35,942,517
5 Decreases not included in line 2 (itemize) ▶	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	35,942,517

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	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) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))	
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any		
a				
b				
c				
d				
e				
2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8		3	

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

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

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

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2008	4,700,000	33,490,000	.140340
2007	10,112,069	30,338,000	.333314
2006	1,163,429	27,678,500	.042034
2005	4,791,057	25,755,780	.186019
2004	3,203,500	22,550,750	.142057
2	Total of line 1, column (d)		.843764
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		.168752
4	Enter the net value of noncharitable-use assets for 2009 from Part X, line 5		33,490,000
5	Multiply line 4 by line 3		5,651,504
6	Enter 1% of net investment income (1% of Part I, line 27b)		17,700
7	Add lines 5 and 6		5,669,204
8	Enter qualifying distributions from Part XII, line 4		0

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	35,400	
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	35,400	
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	35,400	
6	Credits/Payments:			
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	43,000	
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	43,000	
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	7,600	
11	Enter the amount of line 10 to be: Credited to 2010 estimated tax 7,600 Refunded	11		

Part VII-A Statements Regarding Activities

	Yes	No
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?		✓
1b 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>		✓
1c Did the foundation file Form 1120-POL for this year?		✓
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ \$ _____ (2) On foundation managers. ▶ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ _____		
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>		✓
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>		✓
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		✓
4b 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?		✓
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>	✓	
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ CALIFORNIA		
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 <i>General Instruction G</i> ? <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>		✓
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		✓

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)			✓
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?			✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶		✓	
14	The books are in care of ▶ LAYNE FOUNDATION Telephone no. ▶ 310-544-4700 Located at ▶ 29214 WHITES POINT DRIVE RANCHO PALOS VERDES, CA ZIP+4 ▶ 90275-4644			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here. and enter the amount of tax-exempt interest received or accrued during the year		15	N/A

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input 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	✓
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	✓
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	✓
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	✓
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
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	✓

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)? Yes No
 Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
 If "Yes," attach the statement required by Regulations section 53.4945–5(d).

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
 If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No

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
WESLEY M. MASON	PRESIDENT 46	132,000	11,000	0
LOWELL L. SEMANS	V.P. 6	12,600	0	0
PAUL R. NELSON	SEC. TREA. 6	9,000	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		

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

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	
3 All other program-related investments. See page 24 of the instructions	
Total. Add lines 1 through 3 ▶	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes.		
a	Average monthly fair market value of securities	1a	7,730,000
b	Average of monthly cash balances	1b	1,640,000
c	Fair market value of all other assets (see page 24 of the instructions)	1c	24,630,000
d	Total (add lines 1a, b, and c)	1d	34,000,000
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	34,000,000
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	510,000
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	33,490,000
6	Minimum investment return. Enter 5% of line 5	6	1,674,500

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	1,674,500
2a	Tax on investment income for 2009 from Part VI, line 5	2a	35,400
b	Income tax for 2009 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	35,400
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,639,100
4	Recoveries of amounts treated as qualifying distributions	4	516,838
5	Add lines 3 and 4	5	2,155,938
6	Deduction from distributable amount (see page 25 of the instructions)	6	0
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	2,155,938

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	0
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	0
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	0
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	0
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	0

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				2,155,938
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	2,106,987			
b From 2005	3,542,769			
c From 2006	0			
d From 2007	8,670,931			
e From 2008	3,209,341			
f Total of lines 3a through e	17,530,028			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ \$ _____				0
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				2,155,938
e Remaining amount distributed out of corpus	0			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a).)	0			0
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	17,530,028			
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 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)	0			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)	2,106,987			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	15,423,041			
10 Analysis of line 9:				
a Excess from 2005	3,542,769			
b Excess from 2006	0			
c Excess from 2007	8,670,931			
d Excess from 2008	3,209,341			
e Excess from 2009	0			

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling **N/A**

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

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

Part XV Supplementary Information (Complete this part only if the 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).)

N/A

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.

N/A

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:
LAYNE FOUNDATION 29214 WHITES POINT DRIVE RANCHO PALOS VERDES, CA 90275-4644 310-544-4700

b The form in which applications should be submitted and information and materials they should include:
WE HAVE VARIOUS MEETINGS AND GATHER INFORMATION TO EVALUATE EACH PROGRAM-RELATED INVESTMENT

c Any submission deadlines:
NO

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

Year 2009

LAYNE FOUNDTION, a California corporation
EIN 95-1765157

Schedule of information 990-PF

Part I, 11

PRI interest	1,515,161
PRI loan charges	0
5 Star	<u>180,050</u>
	1,695,211

Part I, 18

Estimated tax paid 2-17-09	43,000
Tax paid for year 08, 3-15-09	<u>1,408</u>
	44,408

Part I, 23

Chase Bank	117
AFTS collection service	1,000
Petty cash	2,500
Verizon telephone	1,700
Franchise Tax Board	10
Registry of Charitable Trust 2008	150
Registry of Charitable Trust 2003	150
Secretary of State, Oct. 2009	20
Vehicle insurance and DMV	1,500
Imac computer	1,792
Computer service	600
Charles Schwab commission	<u>50</u>
	9,589

Part II

10b Corporate stock - book value	3,123,776
10c Corporate bonds - book value	<u>6,000,000</u>
	9,123,776

Part II, 13

5 Star investments - book value	2,115,000
---------------------------------	-----------

YEAR 2009

Part I, Line 19, Depreciation Schedule

Year	Description	Date Acquired	Cost	Prior Years Depreciation	Method	Useful Life	Depreciation for this year
2006	Vehicle	4/28/06	\$51,460	\$0	S/L	4 Years	\$12,865
2007	Vehicle	4/28/06	\$51,460	\$12,865			\$12,865
2008	Vehicle	4/28/06	\$51,460	\$25,730			\$12,865
2009	Vehicle	4/28/06	\$51,460	\$38,595			\$12,865

Part II, Line 14, Land, Buildings, Equipment

Year	Description	Cost Basis	Accumulated Depreciation	(a)	Fair Market Value (b)
2006	Vehicle	\$51,460	\$12,865	\$0	\$38,595
2007	Vehicle	\$51,460	\$25,730	\$38,595	\$25,730
2008	Vehicle	\$51,460	\$38,595	\$25,730	\$12,865
2009	Vehicle	\$51,460	\$51,460	\$12,865	\$0

LAYNE FOUNDATION

29214 Whites Point Drive
Rancho Palos Verdes, CA 90275-4644
310-544-4700
laynemason@earthlink.net

2009

ANNUAL REPORT

Directors

Wesley M. Mason
Lowell L. Semans
Paul R. Nelson

BALANCE SHEET

December 31, 2009

Part II

Book		Market		ASSETS	Current
Beginning	YTD	Beginning	YTD		
12,865	0	12,865	0	SUV	0%
28,575	17,506	28,575	17,506	Chase cash	0%
1,060,532	2,172,929	1,060,532	2,172,929	Schwab cash	6%
1,623,776	1,623,776	1,340,808	1,818,012	MidCap SPDRs	5%
1,000,000	1,000,000	800,647	1,068,308	Vanguard Prime Cap	3%
300,000	500,000	141,998	524,443	Vanguard Metals	1%
6,000,000	6,000,000	5,407,269	5,921,715	Vanguard S T. Bonds	16%
1,182,000	2,115,000	1,182,000	2,115,000	5 Star	6%
23,009,145	22,513,306	23,009,145	22,513,306	PRI's	62%
34,216,893	35,942,517	32,983,839	36,151,219	YTD Values	100%
		3,167,380		YTD Market gain	9.60%

Part III

34,216,893	Beginning
1,725,624	Net Income
0	Capital gains
<u>35,942,517</u>	
0	Decreases
<u>35,942,517</u>	Book YTD

INCOME & EXPENSE

January through December

	<u>INCOME</u>
4,274	Interest
268,188	Dividends
1,515,161	PRI interest
180,050	5 Star
<u>1,967,673</u>	
	<u>EXPENSES</u>
20,589	Operating
12,865	Depreciation
44,408	Excise tax
153,600	Payroll
10,587	Employer taxes
<u>242,049</u>	
 1,725,624	 NET INCOME

2009

NET INCOME & CAPITAL GAINS

Month	Income	Expenses	Payroll	Net Income	Net Income YTD	Capital Gains/Losses
Jan	107,540.08	(23,865.00)		83,675.08	83,675.08	0.00
Feb	97,672.08	(43,000.00)		54,672.08	138,347.16	0.00
March	98,767.26	(4,408.00)		94,359.26	232,706.42	0.00
April	100,441.75	(1,590.30)		98,851.45	331,557.87	0.00
May	245,923.13	(49.95)		483,737.18	815,295.05	0.00
	237,844.00	20.00				
June	185,704.41	0.00	(164,208.00)	21,496.41	836,791.46	0.00
July	180,844.76	0.00	(21.00)	180,823.76	1,017,615.22	0.00
Aug	174,149.64	0.00		174,149.64	1,191,764.86	0.00
Sept	172,647.19	(117.00)	42.00	(65,271.81)	1,126,493.05	0.00
	(237,844.00)					
Oct	178,783.35	(760.30)		178,023.05	1,304,516.10	0.00
Nov	206,042.93	(1,791.91)		204,251.02	1,508,767.12	0.00
Dec	219,156.74	(2,300.00)		216,856.74	1,725,623.86	0.00
	1,967,673.32	(77,862.46)	(164,187.00)	1,725,623.86	1,725,623.86	0.00
		(242,049.46)				

YEAR 2009

OPERATING EXPENSES

Chase Bank

117.00	Chase Bank - checks
1,000.00	AFTS collection service to 4-15-10
2,500 00	Petty Cash (Chase withdrawal)
1,700.00	Verizon telephone
10 00	Franchise Tax Board
150.00	Registry of Charitable Trusts - year 2008
150 00	Registry of Charitable Trusts - year 2003
20.00	Secretary of State - March 2009
(20 00)	Secretary of State - May 2009 refund
20.00	Secretary of State - Oct 2009
1,500 60	BMW insurance 590 30 & 590 30 & DMV 320
11,000.00	Medical expenses
1,791 91	iMac computer and software
600.00	Computer repair, Tim Lee
<hr/>	
20,539.51	

Charles Schwab account

49.95	Schwab commission
<hr/>	
20,589 46	

**2009
Monthly PRI Note Payments**

Month	Payment	Principal	Interest	Finance	Interest receivable	Loan #	Balance
Dec 08							23,009,145 02
Jan 09	118,700.00	41,976 66	76,723 34				22,967,168 36
Feb	118,700.00	42,279.93	76,420.07				22,924,888 43
Mar.	118,700.00	42,585.47	76,114.53				22,882,302 96
April	118,700.00	42,893.26	75,806.74				22,839,409 70
May	118,700.00	43,203 30	75,496 70				22,796,206.40
June	199,700.00	43,515.65	156,184 35				22,752,690 75
July	199,700 00	43,830 27	155,869 73				22,708,860 48
Aug.	199,700 00	44,147.25	155,552 75				22,664,713.23
Sept.	199,700 00	44,466.51	155,233 49				22,620,246.72
Oct	199,903.02	44,991.19	154,911.83				22,575,255.53
Nov	223,700.00	45,113.38	178,586.62				22,530,142.15
Dec 09	195,096 92	37,835.81	157,261 11		21,000.00	076	22,513,306.34
	2,010,999 94	516,838.68	1,494,161 26	0.00	21,000 00		22,513,306 34

23,009,145.02	Beginning Balance
0.00	Finance
21,000.00	Interest receivable
(516,838 68)	Principal
<u>22,513,306 34</u>	Ending Balance

Program Related Investments

December 31, 2009

Part II, 15(b & c)

Acct.	Church	Date	Payment	Principal	Interest	Percent	Balance	Paid To
028	Indio Apostolic Church	12/3/09	796 92	789.28	7.64	10.25	0.00	12/1/09
049	Church of Jesus Christ	12/1/09	7,000 00	6,160.82	839.18	8 75	108,926.53	12/1/09
054	Regency Christian Center	12/1/09	12,000 00	6,915 72	5,084.28	7 20	840,465.00	12/1/09
060	Apostolic Assembly Merced	12/1/09	9,000.00	5,306.22	3,693.78	10.00	437,947 63	12/1/09
065	So. Bay Pentecostal Church	12/1/09	11,000.00	0.00	11,000 00	8.25	1,600,000.00	12/1/09
066	Apostolic of San Bernardino	12/1/09	6,000 00	3,320 30	2,679.70	9.50	335,167.87	12/1/09
072	Bread of Life Fellowship	12/1/09	15,300 00	3,719.07	11,580 93	7.00	1,981,583.43	12/1/09
073	Full Gospel Tabernacle	12/1/09	14,000 00	1,581.78	12,418 22	8.40	1,772,449.48	12/1/09
074	Cathedral City Apostolic	12/1/09	10,000.00	6,375.29	3,624.71	7 50	573,578.53	12/1/09
075	Evangelical Vanguard M.M	12/5/09	10,000 00	112.46	9,887.54	10.00	1,186,392 38	12/1/09
076	Fountain of Truth Church	12/1/09	60,000 00	0 00	60,000.00	10.80	9,021,000.00	12/1/09
077	Strong Tower Apostolic	12/1/09	24,000 00	0.00	24,000.00	9 60	3,000,000.00	12/1/09
078	North Park Apostolic Church	12/1/09	16,000.00	3,554.87	12,445.13	9.00	1,655,795 49	12/1/09
Total			195,096 92	37,835 81	157,261 11		22,513,306 34	
Plus current principal							37,835.81	
#076 Fountain of Truth Church							(21,000.00)	
Last month balance							22,530,142.15	

12/31/09	22,513,306.34
11/30/09	22,530,142 15
10/31/09	22,575,255 53
9/30/09	22,620,246 72
8/31/09	22,664,713 23
7/31/09	22,708,860.48
6/30/09	22,752,690 75
5/31/09	22,796,206.40
4/30/09	22,839,409.70
3/31/09	22,882,302.96
2/28/09	22,924,888.43
1/31/09	22,967,168 36
12/31/08	23,009,145 02

2009
Program Related Investments

Part IX-B

#	PRI	Month	Loan #	Church and City	Terms
1					
2					

Year	Beginning Net Assets	Loans	Program Related Investments	Percent of beginning assets
2010	36,151,219			
2009	32,983,839	0	0	0.00%
2008	32,936,944	2	4,700,000	14.3%
2007	29,012,993	2	10,150,000	35.0%
2006	27,175,880	3	1,163,429	4.3%
2005	25,291,635	5	4,791,057	18.9%
2004	23,692,317	7	3,236,811	13.7%
2003	21,503,355	7	3,883,924	18.1%
2002	19,827,025	10	4,714,841	23.8%
2001	18,045,024	15	2,832,196	15.7%
2000	16,043,695	13	8,264,196	51.5%
1999	14,658,910	7	4,836,439	33.0%
1998	13,430,980	7	3,610,000	26.9%
1997	12,367,059	5	3,503,710	28.3%
1996	11,353,826	5	2,623,629	23.1%
1995	10,375,106	3	1,122,477	10.8%
1994	9,399,406	8	3,520,000	37.4%
1993	8,712,288	9	2,762,179	31.7%
1992	7,864,406	5	1,414,672	18.0%
1991	7,107,075	3	1,340,000	18.9%
		116	68,469,560	