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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

, 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		Name of foundation K&F BAXTER FAMILY FOUNDATION, INC.		A Employer identification number 95-4633505		
See Specific Instructions		Number and street (or P O box number if mail is not delivered to street address) 1563 SOLANO AVENUE		Room/suite 404		
		City or town, state, and ZIP code BERKELEY, CA 94707		B Telephone number (510) 524-8145		
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)		J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) \$ 207,138. (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 necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)	
Revenue		1 Contributions, gifts, grants, etc., received	65.	65.	STATEMENT 1	
		2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B Interest on savings and temporary cash investments	4,406.	4,406.	STATEMENT 2	
		3 Dividends and interest from securities	-	-	-	
		5a Gross rents	-	-	-	
		b Net rental income or (loss)	-	-	-	
		6a Net gain or (loss) from sale of assets not on line 10 Gross sales price for all assets on line 6a	-59,237.	-	-	
		b	234,720.	-	-	
		7 Capital gain net income (from Part IV, line 2)	0.	0.	0.	
		8 Net short-term capital gain	-	-	-	
		9 Income modifications Gross sales less returns and allowances	-	-	-	
		10a b Less Cost of goods sold	-	-	-	
		c Gross profit or (loss)	-	-	-	
11 Other income	-	-	-			
12 Total. Add lines 1 through 11	-54,766.	4,473.	4,473.	RECEIVED FEB 22 2010 OGDEN, UT		
Operating and Administrative Expenses		13 Compensation of officers, directors, trustees, etc	19,764.	0.	0.	
		14 Other employee salaries and wages	-	-	-	
		15 Pension plans, employee benefits	-	-	-	
		16a Legal fees	-	-	-	
		b Accounting fees	STMT 3	7,200.	3,600.	0.
		c Other professional fees	STMT 4	800.	800.	0.
		17 Interest	-	2.	0.	0.
		18 Taxes	STMT 5	1,876.	18.	0.
		19 Depreciation and depletion	-	1,109.	0.	0.
		20 Occupancy	-	-	-	-
		21 Travel, conferences, and meetings	-	-	-	-
		22 Printing and publications	-	-	-	-
		23 Other expenses	STMT 6	5,237.	1,665.	0.
		24 Total operating and administrative expenses. Add lines 13 through 23	-	35,988.	6,083.	0.
25 Contributions, gifts, grants paid	-	163,594.	-	163,594.		
26 Total expenses and disbursements Add lines 24 and 25	-	199,582.	6,083.	163,594.		
27 Subtract line 26 from line 12:	-	-254,348.	0.	-		
a Excess of revenue over expenses and disbursements	-	-	-	-		
b Net investment income (if negative, enter -0-)	-	-	-	-		
c Adjusted net income (if negative, enter -0-)	-	-	-	-		

Assets	Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
	1 Cash - non-interest-bearing				
	2 Savings and temporary cash investments		26,401.	63,624.	63,624.
	3 Accounts receivable ►				
	Less: allowance for doubtful accounts ►				
	4 Pledges receivable ►				
	Less: allowance for doubtful accounts ►				
	5 Grants receivable				
	6 Receivables due from officers, directors, trustees, and other disqualified persons				
	7 Other notes and loans receivable ►				
	Less: allowance for doubtful accounts ►				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges		1,162.	1,162.	1,162.
	10a Investments - U.S. and state government obligations				
	b Investments - corporate stock	STMT 7	400,728.	110,266.	140,892.
	c Investments - corporate bonds				
	11 Investments - land, buildings, and equipment basis ►				
	Less accumulated depreciation ►				
	12 Investments - mortgage loans				
	13 Investments - other				
	14 Land, buildings, and equipment: basis ►	12,999.			
	Less accumulated depreciation	STMT 8 ►	11,539.	2,569.	1,460.
	15 Other assets (describe ►)				
	16 Total assets (to be completed by all filers)		430,860.	176,512.	207,138.
Liabilities	17 Accounts payable and accrued expenses		756.	756.	
	18 Grants payable				
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, and other disqualified persons				
	21 Mortgages and other notes payable				
	22 Other liabilities (describe ►)				
	23 Total liabilities (add lines 17 through 22)		756.	756.	
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		430,104.	175,756.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds		0.	0.	
	30 Total net assets or fund balances		430,104.	175,756.	
	31 Total liabilities and net assets/fund balances		430,860.	176,512.	

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	430,104.
2 Enter amount from Part I, line 27a	2	-254,348.
3 Other increases not included in line 2 (itemize) ►	3	0.
4 Add lines 1, 2, and 3	4	175,756.
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	175,756.

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Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)			(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a					
b	SEE ATTACHED STATEMENT				
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a					
b					
c					
d					
e	234,720.		293,957.	-59,237.	
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
(i) 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			-59,237.		
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	-59,237.	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8			3	N/A	

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

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

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

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

 Yes No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	375,320.	624,711.	.600790
2007	592,185.	1,141,009.	.519001
2006	499,537.	1,284,189.	.388990
2005	531,126.	1,629,070.	.326030
2004	572,842.	2,168,691.	.264142

2 Total of line 1, column (d)

2.098953

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

.419791

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

238,887.

5 Multiply line 4 by line 3

100,283.

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

0.

7 Add lines 5 and 6

100,283.

8 Enter qualifying distributions from Part XII, line 4

163,594.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 instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1.	(attach copy of letter if necessary-see instructions)	1	0.
b	Date of ruling or determination letter: _____			
c	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			
d	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-)			0.
3	Add lines 1 and 2			0.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			0.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-			0.
6	Credits/Payments:			
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	1,162.	
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	1,162.	
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		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,162.	
11	Enter the amount of line 10 to be: Credited to 2010 estimated tax ►	11	1,162. Refunded ►	0.

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?	1a	X
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>	1b	X
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: (1) On the foundation. ► \$ 0. (2) On foundation managers. ► \$ 0.		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ 0.		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>	2	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>	3	X
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year? b If "Yes," has it filed a tax return on Form 990-T for this year?	4a	X
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>	4b	
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?	5	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>	N/A	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ►	6	X
8b	CA b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	7	X
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If "Yes," complete Part XIV	8b	X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	9	X
		10	X

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Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions) 11 **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 ► **WWW.KFBAXTERFOUNDATION.COM** 13 **X**

14 The books are in care of ► **STACEY BELL** Telephone no. ► **510 524-8145**
Located at ► **579 NEILSON STREET, BERKELEY, CA** ZIP+4 ► **94712**

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.

Question	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"/> X 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"/> X No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> X No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> X 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"/> X 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"/> X 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 ► N/A ► <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? ► N/A	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)): ► N/A		
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"/> X No		
If "Yes," list the years ► _____, _____, _____, _____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) ► N/A	2b	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► _____, _____, _____, _____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> X No		
b If "Yes," did it have excess business holdings in 2009 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009) ► N/A	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? ► 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 <input type="checkbox"/> X		

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

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

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?
 Yes No
 (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
 Yes No
 Yes No
 (3) Provide a grant to an individual for travel, study, or other similar purposes?
 Yes No
 (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?
 Yes No
 (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?
 Yes No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A



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?

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

 Yes No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

X

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
STACEY K. BELL 579 NEILSON STREET BERKELEY, CA 94707	PRESIDENT	24.00	19,764.	0.
MATTHEW BAXTER 8301 BAXTER GRADE AUBURN, CA 95603	SECRETARY & DIRECTOR	0.00	0.	0.
ANTHONY KLINE 301 ALMA REAL DRIVE PACIFIC PALISADES, CA 90272	CHIEF FINANCIAL OFFICER	0.00	0.	0.
PAMELA A. RILEY 86 ARLINGTON AVENUE KENSINGTON, CA 94707	DIRECTOR	0.00	0.	0.

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

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

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



0

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Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**
3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

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

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

0
Part IX-A **Summary of Direct Charitable Activities**

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

Expenses

1	N/A	
2		
3		
4		

Part IX-B **Summary of Program-Related Investments**

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

Amount

1	N/A	
2		
3		
Total. Add lines 1 through 3		0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	156,561.
b	Average of monthly cash balances	1b	85,964.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	242,525.
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	242,525.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	3,638.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	238,887.
6	Minimum investment return. Enter 5% of line 5	6	11,944.

Part XI Distributable Amount (see instructions) (Section 4942(i)(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	11,944.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	0.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	11,944.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	11,944.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	11,944.

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	163,594.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	163,594.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	163,594.

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				11,944.
2 Undistributed income, if any, as of the end of 2008			0.	
a Enter amount for 2008 only				
b Total for prior years:		0.		
c _____, _____, _____				
3 Excess distributions carryover, if any, to 2009:				
a From 2004	465,271.			
b From 2005	450,512.			
c From 2006	438,524.			
d From 2007	537,607.			
e From 2008	344,240.			
f Total of lines 3a through e		2,236,154.		
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 163,594.			0.	
a Applied to 2008, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)				
d Applied to 2009 distributable amount				11,944.
e Remaining amount distributed out of corpus		151,650.		
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		2,387,804.		
b Prior years' undistributed income. Subtract line 4b from line 2b			0.	
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed			0.	
d Subtract line 6c from line 6b. Taxable amount - see instructions			0.	
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount - see instr.				0.
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)		0.		
8 Excess distributions carryover from 2004 not applied on line 5 or line 7		465,271.		
9 Excess distributions carryover to 2010 Subtract lines 7 and 8 from line 6a		1,922,533.		
10 Analysis of line 9:				
a Excess from 2005	450,512.			
b Excess from 2006	438,524.			
c Excess from 2007	537,607.			
d Excess from 2008	344,240.			
e Excess from 2009	151,650.			

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
<i>a Paid during the year</i>				
SEE STATEMENT 9				
Total			► 3a	163,594.
<i>b Approved for future payment</i>				
NONE				
Total			► 3b	0.

023611 02-02-10

Form 990-PF (2009)

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514	(e) Related or exempt function income
	(a) Business code	(b) Amount		
1 Program service revenue:				
a				
b				
c				
d				
e				
f				
g Fees and contracts from government agencies				
2 Membership dues and assessments				
3 Interest on savings and temporary cash investments			14	65.
4 Dividends and interest from securities			14	4,406.
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			18	
8 Gain or (loss) from sales of assets other than inventory			18	-59,237.
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)		0.	-54,766.	0.
13 Total Add line 12, columns (b), (d), and (e)			13	-54,766.
(See worksheet in line 13 instructions to verify calculations.)				

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

K&F BAXTER FAMILY FOUNDATION, INC.

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	SEE ATTACHED SCHEDULE	P	VARIOUS	VARIOUS
b	SEE ATTACHED SCHEDULE	P	VARIOUS	VARIOUS
c	CLASS ACTION-ENRON CORP	P	VARIOUS	10/30/09
d	CLASS ACTION-AIG	P	VARIOUS	10/30/09
e	CLASS ACTION-FEDL HOME LOAN	P	VARIOUS	12/31/09
f	CLASS ACTION-FNMA	P	VARIOUS	12/31/09
g	CLASS ACTION-BRISTOL MEYERS	P	VARIOUS	12/31/09
h				
i				
j				
k				
l				
m				
n				
o				
	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	104,732.		172,215.	-67,483.
b	122,060.		121,742.	318.
c	6,596.			6,596.
d	170.			170.
e	621.			621.
f	480.			480.
g	61.			61.
h				
i				
j				
k				
l				
m				
n				
o				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")	
	(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				-67,483.
b				318.
c				6,596.
d				170.
e				621.
f				480.
g				61.
h				
i				
j				
k				
l				
m				
n				
o				
2	Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter "-0-" in Part I, line 7 }		2 -59,237.
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	}		3 N/A

2009 DEPRECIATION AND AMORTIZATION REPORT

FORM 990-PF PAGE 1

990-PF

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Year Deduction
1	OFFICE FURNITURE	120100200DB7.00		17		1,452.			1,452.		0.
2	COMPUTER EQUIPMENT	101102200DB5.00		17		2,888.			2,022.	2,050.	0.
3	COMPUTER EQUIPMENT	042704200DB5.00		17		2,054.			2,054.	1,936.	118.
4	COMPUTER EQUIPMENT	0211006200DB5.00		17		2,788.			2,788.	1,985.	321.
5	COMPUTER EQUIPMENT	072307200DB5.00		17		1,870.			1,870.	972.	359.
6	COMPUTER EQUIPMENT	031508200DB5.00		17		1,947.			974.	973.	195.
* TOTAL 990-PF PG 1						12,999.			1,840.	11,159.	8,590.
	DEPR										0.
											1,109.

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

SOURCE	AMOUNT
CITY NATIONAL BANK	65.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	65.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
WHITTIER TRUST CO	4,406.	0.	4,406.
TOTAL TO FM 990-PF, PART I, LN 4	4,406.	0.	4,406.

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING & TAX FEES	7,200.	3,600.		0.
TO FORM 990-PF, PG 1, LN 16B	7,200.	3,600.		0.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TRUST DEPARTMENT FEES	800.	800.		0.
TO FORM 990-PF, PG 1, LN 16C	800.	800.		0.

FORM 990-PF	TAXES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PAYROLL TAXES	1,846.	18.		0.
FILING FEES	30.	0.		0.
TO FORM 990-PF, PG 1, LN 18	1,876.	18.		0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	6
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OFFICE SUPPLIES & POSTAGE	799.	80.		0.
TELEPHONE	1,490.	1,490.		0.
BANK CHARGES	324.	32.		0.
DUES & SUBSCRIPTIONS	1,995.	0.		0.
COMPUTER EXPENSE	629.	63.		0.
TO FORM 990-PF, PG 1, LN 23	5,237.	1,665.		0.

FORM 990-PF	CORPORATE STOCK	STATEMENT	7
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SECURITIES	110,266.	140,892.
TOTAL TO FORM 990-PF, PART II, LINE 10B	110,266.	140,892.

FORM 990-PF DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 8

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
OFFICE FURNITURE	1,452.	1,452.	0.
COMPUTER EQUIPMENT	2,888.	2,916.	-28.
COMPUTER EQUIPMENT	2,054.	2,054.	0.
COMPUTER EQUIPMENT	2,788.	2,306.	482.
COMPUTER EQUIPMENT	1,870.	1,331.	539.
COMPUTER EQUIPMENT	1,947.	1,480.	467.
TOTAL TO FM 990-PF, PART II, LN 14	12,999.	11,539.	1,460.

FORM 990-PF GRANTS AND CONTRIBUTIONS STATEMENT 9
PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
ALLIANCE FOR COLLEGE READY PUBLIC SCHOOLS 2023 S UNION AVENUE SAN FRANCISCO, CA 90007	NONE GENERAL	PUBLIC CHARITY	30,000.
BANANAS INC 5232 CLAREMONT AVENUE OAKLAND, CA 94618	NONE GENERAL	PUBLIC CHARITY	1,500.
FUSION 3245 SHEFFIELD AVENUE OAKLAND, CA 94602	NONE GENERAL	PUBLIC CHARITY	20,000.
GLENNIS BURKE	NONE STUDENT SCHOLARSHIPS	NOT APPLICABLE	3,300.
I PRIDE 1581 LEROY AVENUE BERKELEY, CA 94708	NONE GENERAL	PUBLIC CHARITY	3,875.

MANZANITA CHARTER SCHOOL 1615 CARLSON BLVD RICHMOND, CA 94804	NONE GENERAL	PUBLIC CHARITY	25,000.
OXFORD ELEMENTARY SCHOOL 1130 OXFORD STREET BERKELEY, CA 94609	NONE GENERAL	PUBLIC CHARITY	1,500.
PARK AVENUE SCHOOL 370 43RD STREET OAKLAND, CA 94609	NONE GENERAL	PUBLIC CHARITY	2,750.
STEP ONE SCHOOL 499 SPRUCE STREET BERKELEY, CA 90037	NONE GENERAL	PUBLIC CHARITY	45,669.
THE ACCELERATED SCHOOL 4000 S MAIN STREET LOS ANGELES, CA 90003	NONE GENERAL	PUBLIC CHARITY	20,000.
THE SAN FRANCISCO SCHOOL 300 GAVEN STREET SAN FRANCISCO, CA 94134	NONE GENERAL	PUBLIC CHARITY	10,000.
<hr/> TOTAL TO FORM 990-PF, PART XV, LINE 3A			<hr/> 163,594. <hr/>

Capital Gains - Last year

1/1/2009 through 12/31/2009

2/5/2010

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Security	Shares	Bought	Sold	Gross Proce..	Cost Basis	Realized Gain
SHORT TERM						
Allegheny Technologies Inc	85.000	8/28/2008	3/27/2009	1,916.73	3,916.80	-2,000.07
Apache Corp	45.000	8/28/2008	3/27/2009	3,081.13	5,047.65	-1,966.52
Bank of America Corp	155.000	8/28/2008	3/27/2009	1,170.24	4,578.70	-3,408.46
Bristol Myers Squibb Co	275.000	8/28/2008	3/27/2009	5,750.21	6,068.43	-318.22
Bunge Limited Com	35.000	8/28/2008	3/27/2009	2,103.48	3,130.75	-1,027.27
Capital Source Inc	355.000	8/28/2008	3/27/2009	511.19	4,053.75	-3,542.56
Cardinal Health Inc	75.000	8/28/2008	3/27/2009	2,431.48	4,139.25	-1,707.77
Conagra Foods Inc	180.000	8/28/2008	3/27/2009	2,775.58	3,923.41	-1,147.83
Dow Chem Co	120.000	8/28/2008	3/27/2009	1,049.99	4,041.36	-2,991.37
Entergy Corp	40.000	8/28/2008	3/27/2009	2,704.38	4,085.60	-1,381.22
Forest Lab Inc	110.000	8/28/2008	3/27/2009	2,406.78	4,069.78	-1,663.00
FPL Group Inc	65.000	8/28/2008	3/27/2009	3,318.23	3,914.30	-596.07
General Elec Co	210.000	8/28/2008	3/27/2009	2,215.48	5,958.86	-3,743.38
Goldman Sachs Group Inc	40.000	8/28/2008	3/27/2009	4,472.77	6,258.86	-1,786.09
Illinois Tool Works Inc	85.000	8/28/2008	3/27/2009	2,588.23	4,087.65	-1,499.42
Intel Corp	175.000	8/28/2008	3/27/2009	2,637.23	4,042.50	-1,405.27
JP Morgan Chase & Co	165.000	8/28/2008	3/27/2009	4,565.52	6,043.95	-1,478.43
Johnson & Johnson	85.000	8/28/2008	3/27/2009	4,477.77	6,012.90	-1,535.13
Johnson Controls Inc	160.000	8/28/2008	3/27/2009	1,988.78	5,036.48	-3,047.70
Linear Technology Corp	125.000	8/28/2008	3/27/2009	2,891.23	4,093.74	-1,202.51
Manitowoc Inc	85.000	8/28/2008	3/27/2009	389.29	2,096.10	-1,706.81
Marathon Oil Corp	115.000	8/28/2008	3/27/2009	3,046.33	5,079.94	-2,033.61
Norfolk Southern Corp	60.000	8/28/2008	3/27/2009	2,059.18	4,179.00	-2,119.82
Occidental Pete Corp	55.000	8/28/2008	3/27/2009	3,242.78	4,476.45	-1,233.67
Penney JC Inc	110.000	8/28/2008	3/27/2009	2,135.08	4,073.30	-1,938.22
PG&E Corp	125.000	8/28/2008	3/27/2009	5,033.72	5,019.75	13.97
Proctor & Gamble Co	85.000	8/28/2008	3/27/2009	3,996.67	5,978.90	-1,982.23
Schering Plough Corp	205.000	8/28/2008	3/27/2009	4,960.97	3,998.94	962.03
State Street Corp	90.000	8/28/2008	3/27/2009	2,677.48	5,864.40	-3,186.92
Sun Trust Banks Inc	105.000	8/28/2008	3/27/2009	1,387.04	4,249.35	-2,862.31
Tidewater Inc	90.000	8/28/2008	3/27/2009	3,449.68	5,137.20	-1,687.52
VF Corp	65.000	8/28/2008	3/27/2009	3,818.72	4,956.25	-1,137.53
Wells Fargo & Co	210.000	8/28/2008	3/27/2009	3,494.38	6,047.58	-2,553.20
Whirlpool Corp	50.000	8/28/2008	3/27/2009	1,455.99	4,022.00	-2,566.01
Zions Bancorporation	160.000	8/28/2008	3/27/2009	1,710.39	3,995.20	-2,284.81
ACE Ltd	45.000	10/8/2008	3/27/2009	1,781.54	2,431.70	-650.16
Groupe Danone Spon ADR	290.000	8/28/2008	3/27/2009	2,812.98	4,091.90	-1,278.92
Parker Hannifin Corp	65.000	8/28/2008	3/27/2009	2,223.63	4,012.45	-1,788.82
TOTAL SHORT TERM				104,732.28	172,215.13	-67,482.85
LONG TERM						
UST Inc Com	300.000	8/28/2003	1/6/2009	20,850.00	9,825.00	11,025.00
Abbott Labs	50.000	8/17/2001	3/24/2009	2,342.50	2,442.48	-99.98
Cisco Sys Inc	250.000	8/17/2001	3/24/2009	4,177.47	4,511.50	-334.03
Cisco Sys Inc	215.000	9/20/2001	3/24/2009	3,592.63	3,027.20	565.43
Coca Cola Co	140.000	7/11/2001	3/24/2009	6,183.76	6,297.20	-113.44
Intel Corp	100.000	7/11/2001	3/24/2009	1,506.99	2,875.00	-1,368.01
Intel Corp	285.000	9/20/2001	3/24/2009	4,294.93	6,791.21	-2,496.28
Medtronic Inc	100.000	9/20/2001	3/24/2009	2,962.98	4,098.00	-1,135.02
Medtronic Inc	20.000	10/29/2001	3/24/2009	592.60	855.00	-262.40

Capital Gains - Last year

1/1/2009 through 12/31/2009

2/5/2010

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Security	Shares	Bought	Sold	Gross Proce ..	Cost Basis	Realized Gain ..
Microsoft Corp	285.000	9/20/2001	3/24/2009	5,104.32	7,552.50	-2,448.18
Navistar Intl Corp New	100.000	8/28/2003	3/24/2009	3,341.98	4,346.00	-1,004.02
Oracle Corp	345.000	9/20/2001	3/24/2009	6,196.16	3,743.25	2,452.91
Pepsico Inc	130.000	7/11/2001	3/24/2009	6,727.46	5,848.70	878.76
Qualcomm Inc	140.000	9/20/2001	3/24/2009	5,335.37	3,342.50	1,992.87
Schering Plough Corp	25.000	10/29/2001	3/24/2009	605.00	944.00	-339.00
Schering Plough Corp	190.000	9/15/2004	3/24/2009	4,597.97	3,714.50	883.47
Texas Instrs Inc	205.000	9/15/2004	3/24/2009	3,431.68	4,503.85	-1,072.17
3M Co	60.000	10/29/2001	3/24/2009	2,918.98	3,201.60	-282.62
Wal Mart Stores Inc	195.000	9/20/2001	3/24/2009	9,976.14	8,739.90	1,236.24
Schering Plough Corp	310.000	9/15/2004	11/5/2009	6,750.09	6,060.50	689.59
AT&T Inc Com	160.000	10/29/2001	3/27/2009	4,209.57	6,313.60	-2,104.03
Bank of America Corp	49.000	4/27/2004	3/27/2009	369.95	8,000.44	-7,630.49
ChevronTexaco Corp	66.000	10/16/2001	3/27/2009	4,575.09	2,974.15	1,600.94
Exxon Mobil Corp	75.000	8/28/2003	3/27/2009	5,240.97	2,756.25	2,484.72
US Bancorp Del	125.000	10/29/2001	3/27/2009	1,888.73	2,247.46	-358.73
Verizon Communications	90.000	9/20/2001	3/27/2009	2,755.78	4,297.29	-1,541.51
Verizon Communications	50.000	10/29/2001	3/27/2009	1,530.99	2,432.87	-901.88
TOTAL LONG TERM				122,060.09	121,741.95	318.14
OVERALL TOTAL				226,792.37	293,957.08	-67,164.71