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

OMB No 1545-0052

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 JUL 1, 2009, and ending JUN 30, 2010

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: **DON C. AND FLORENCE M. MCCUNE FOUNDATION**

Number and street (or P.O. box number if mail is not delivered to street address): **P.O. BOX 198**

Room/suite: _____

City or town, state, and ZIP code: **SALINA, KS 67402-0198**

A Employer identification number: **48-1164218**

B Telephone number: **(785) 825-1561**

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 ☐

Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

J Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify) _____

I Fair market value of all assets at end of year (from Part II, col. (c), line 16): **\$ 9,328,619.** (Part I, column (d) must be on cash basis.)

Part I Analysis of Revenue and Expenses	(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				
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	75.	75.		
4 Dividends and interest from securities	213,941.	213,941.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	154.			
Gross sales price for all assets on line 6a: 2,471,947.				
7 Capital gain net income (from Part IV, line 2)		154.		
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)				
11 Other income				
12 Total. Add lines 1 through 11	214,170.	214,170.	0.	
13 Compensation of officers, directors, trustees, etc	42,000.	3,850.	0.	38,150.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees STMT 3	10.	10.	0.	0.
b Accounting fees STMT 4	3,840.	3,840.	0.	0.
c Other professional fees STMT 5	31,527.	31,527.	0.	0.
17 Interest				
18 Taxes STMT 6	4,181.	2,459.	0.	0.
19 Depreciation and depletion	25.	25.	0.	
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 7	293.	293.	0.	0.
24 Total operating and administrative expenses. Add lines 13 through 23	81,876.	42,004.	0.	38,150.
25 Contributions, gifts, grants paid	424,415.			424,415.
26 Total expenses and disbursements. Add lines 24 and 25	506,291.	42,004.	0.	462,565.
27 Subtract line 26 from line 12	<292,121.>			
a Excess of revenue over expenses and disbursements		172,166.		
b Net investment income (if negative, enter -0-)				
c Adjusted net income (if negative, enter -0-)			0.	

B

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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
Assets	1	Cash - non-interest-bearing				
	2	Savings and temporary cash investments		134,409.	89,991.	89,991.
	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		4,319.	358.	358.
	10a	Investments - U.S. and state government obligations				
	b	Investments - corporate stock	STMT 8	5,318,186.	3,101,201.	3,366,745.
	c	Investments - corporate bonds				
11	Investments - land, buildings, and equipment basis ▶					
	Less: accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other	STMT 9	4,614,285.	6,587,553.	5,871,525.	
14	Land, buildings, and equipment basis ▶	883.				
	Less: accumulated depreciation	STMT 10 ▶	883.	25.		
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers)		10,071,224.	9,779,103.	9,328,619.	
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				
	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 and complete lines 24 through 26 and lines 30 and 31. ▶ <input type="checkbox"/>				
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
		Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>				
	27	Capital stock, trust principal, or current funds		0.	0.	
	28	Paid-in or capital surplus, or land, bldg, and equipment fund		0.	0.	
	29	Retained earnings, accumulated income, endowment, or other funds		10,071,224.	9,779,103.	
30	Total net assets or fund balances		10,071,224.	9,779,103.		
31	Total liabilities and net assets/fund balances		10,071,224.	9,779,103.		

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	10,071,224.
2	Enter amount from Part I, line 27a	2	<292,121.>
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	9,779,103.
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	9,779,103.

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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 VARIOUS SHORT TERM SECURITIES	P	VARIOUS	VARIOUS
b VARIOUS LONG TERM SECURITIES	P	VARIOUS	VARIOUS
c CAPITAL GAINS DIVIDENDS			
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 415,040.		284,277.	130,763.
b 2,056,906.		2,187,516.	<130,610.>
c 1.			1.
d			
e			

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			130,763.
b			<130,610.>
c			1.
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	154.
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	687,031.	9,322,946.	.073692
2007	605,103.	13,353,850.	.045313
2006	578,603.	12,828,573.	.045103
2005	427,905.	12,025,776.	.035582
2004	79,300.	8,119,115.	.009767

2 Total of line 1, column (d)	2	.209457
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	.041891
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	9,696,958.
5 Multiply line 4 by line 3	5	406,215.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,722.
7 Add lines 5 and 6	7	407,937.
8 Enter qualifying distributions from Part XII, line 4	8	462,565.

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		
	Date of ruling or determination letter _____ (attach copy of letter if necessary-see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	1,722.
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	1,722.
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	1,722.
6	Credits/Payments		
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	2,080.
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	2,080.
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	358.
11	Enter the amount of line 10 to be Credited to 2010 estimated tax <input checked="" type="checkbox"/> 358. Refunded <input checked="" type="checkbox"/>	11	0.

Part VII-A Statements Regarding Activities

1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	Yes	No
1a			X
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? 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		X
1c	Did the foundation file Form 1120-POL for this year?		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input checked="" type="checkbox"/> \$ 0. (2) On foundation managers <input checked="" type="checkbox"/> \$ 0.		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input checked="" type="checkbox"/> \$ 0.		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		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		X
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
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? If "Yes," attach the statement required by General Instruction T.		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X
7	Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.	7	X
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) <input checked="" type="checkbox"/> KS		
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 SEE STATEMENT 11	8b	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	9	X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10	X

N/A

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)			X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A		X	
14	The books are in care of ► SIDNEY A. REITZ Telephone no ► (785) 827-7251 Located at ► 119 W. IRON AVE., SALINA, KS ZIP+4 ► 67401			
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 ►	1b	X
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)) a At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► _____ 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 c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► _____	2b	
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.) N/A	3b	
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

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

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

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No**b** If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A

5b

Organizations relying on a current notice regarding disaster assistance check here

☒**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

☐ Yes ☐ No

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

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

6b

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

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?

N/A

7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SIDNEY A. REITZ 119 W. IRON AVE. SALINA, KS 67401	PRESIDENT 2.00	14,000.	0.	0.
GERALD L. HUNTER 119 W. IRON AVE. SALINA, KS 67401	TREASURER 2.00	14,000.	0.	0.
SUSAN N. REITZ 119 W. IRON AVE. SALINA, KS 67401	SECRETARY 5.00	14,000.	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	
	0.
2	
3	
4	

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

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

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

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	9,598,309.
b	Average of monthly cash balances	1b	246,318.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	9,844,627.
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	9,844,627.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	147,669.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	9,696,958.
6	Minimum investment return. Enter 5% of line 5	6	484,848.

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	484,848.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	1,722.
b	Income tax for 2009 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	1,722.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	483,126.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	483,126.
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	483,126.

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	462,565.
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	462,565.
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	1,722.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	460,843.

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

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				483,126.
2 Undistributed income, if any, as of the end of 2009			462,545.	
a Enter amount for 2008 only				
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 462,565.			462,545.	
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)	0.			
d Applied to 2009 distributable amount				20.
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	0.			
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				483,106.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

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

N/A

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

- b**
- Check box to indicate whether the foundation is a private operating foundation described in section

☐ 4942(j)(3) or ☐ 4942(j)(5)

- 2 a** Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for

[illegible]

- 3** Complete 3a, b, or c for the alternative test relied upon

- (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 the instructions.)

1 Information Regarding Foundation Managers:

- a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

NONE

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

NONE

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

Check here ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see 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 12

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

- c Any submission deadlines**

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

Part XV **Supplementary Information** (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i>				
SEE STATEMENT 13				
Total			▶ 3a	424,415.
b <i>Approved for future payment</i>				
NONE				
Total			▶ 3b	0.

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

2009.04040 DON C. AND FLORENCE M. MCCU S36770 1

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			1a(1)		X
(2) Other assets			1a(2)		X
b Other transactions					
(1) Sales of assets to a noncharitable exempt organization			1b(1)		X
(2) Purchases of assets from a noncharitable exempt organization			1b(2)		X
(3) Rental of facilities, equipment, or other assets			1b(3)		X
(4) Reimbursement arrangements			1b(4)		X
(5) Loans or loan guarantees			1b(5)		X
(6) Performance of services or membership or fundraising solicitations			1b(6)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees					
			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.

[illegible]

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

☐ Yes ☒ No

b If "Yes," complete the following schedule

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

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

Sign Here	Signature of officer or trustee <u><i>John A. Reitz</i></u>		Date <u>10/1/10</u>	Title <u>President</u>
	Preparer's signature <u><i>Carlene R. Lange</i></u>		Date <u>9-28-10</u>	Check if self-employed <input type="checkbox"/>
Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code <u>KENNEDY AND COE, LLC</u> <u>3030 CORTLAND, P.O. BOX 1100</u> <u>SALINA, KS 67402-1100</u>			Preparer's identifying number
	EIN <u> </u>			Phone no. <u>(785) 825-1561</u>

Form **990-PF** (2009)

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 Sec 179	Current Year Deduction
1	COMPUTER/PRINTER	081804	200DB	5.00	17	883.		442.	441.	416.		25.
	* TOTAL 990-PF PG 1					883.		442.	441.	416.	0.	25.
	DEPR											

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

SOURCE	AMOUNT
SUNFLOWER BANK	75.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	75.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CHARLES SCHWAB (NOMINEE)	40,603.	0.	40,603.
SMITH BARNEY (NOMINEE)	2,179.	1.	2,178.
STIFEL NICOLAUS (NOMINEE)	49,852.	0.	49,852.
STIFEL NICOLAUS (NOMINEE)	21,438.	0.	21,438.
WELLS FARGO (NOMINEE)	99,870.	0.	99,870.
TOTAL TO FM 990-PF, PART I, LN 4	213,942.	1.	213,941.

FORM 990-PF LEGAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL	10.	10.	0.	0.
TO FM 990-PF, PG 1, LN 16A	10.	10.	0.	0.

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	1,500.	1,500.	0.	0.
BOOKKEEPING	2,340.	2,340.	0.	0.
TO FORM 990-PF, PG 1, LN 16B	3,840.	3,840.	0.	0.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT MANAGEMENT FEES	31,527.	31,527.	0.	0.
TO FORM 990-PF, PG 1, LN 16C	31,527.	31,527.	0.	0.

FORM 990-PF	TAXES	STATEMENT	6
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	2,419.	2,419.	0.	0.
STATE FILING FEE	40.	40.	0.	0.
FEDERAL TAXES	1,722.	0.	0.	0.
TO FORM 990-PF, PG 1, LN 18	4,181.	2,459.	0.	0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	7
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISCELLANEOUS EXPENSE	293.	293.	0.	0.
TO FORM 990-PF, PG 1, LN 23	293.	293.	0.	0.

FORM 990-PF	CORPORATE STOCK	STATEMENT	8
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCKS	3,101,201.	3,366,745.
TOTAL TO FORM 990-PF, PART II, LINE 10B	3,101,201.	3,366,745.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	9
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS	COST	6,587,553.	5,871,525.
TOTAL TO FORM 990-PF, PART II, LINE 13		6,587,553.	5,871,525.

FORM 990-PF	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT	STATEMENT	10
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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
COMPUTER/PRINTER	883.	883.	0.
TOTAL TO FM 990-PF, PART II, LN 14	883.	883.	0.

FORM 990-PF	EXPLANATION CONCERNING PART VII-A, LINE 8B	STATEMENT	11
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EXPLANATION

NOT REQUIRED

FORM 990-PF

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

STATEMENT 12

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

SIDNEY A. REITZ
119 W. IRON AVE.
SALINA, KS 67401

TELEPHONE NUMBER

(785) 827-7251

FORM AND CONTENT OF APPLICATIONS

WRITTEN REQUEST

ANY SUBMISSION DEADLINES

NO SUBMISSION DEADLINES

RESTRICTIONS AND LIMITATIONS ON AWARDS

THE ORGANIZATION WILL DISTRIBUTE FUNDS TO OTHER TAX-EXEMPT ORGANIZATIONS OR CHARITABLE PURSUITS WHICH BENEFIT SCHOOL AGE CHILDREN, AND ANY OTHER RELIGIOUS, CHARITABLE, EDUCATIONAL OR SCIENTIFIC ORGANIZATIONS OR PURSUITS LOCATED IN KANSAS, WITH EMPHASIS ON THOSE LOCATED IN SALINA AND SALINE COUNTY, KANSAS, WHICH WILL BE GIVEN PREFERENTIAL TREATMENT FOR CONTRIBUTIONS. THE BOARD OF TRUSTEES WILL REVIEW ALL SUCH REQUESTS AND SELECT THE TAX-EXEMPT ORGANIZATIONS WHICH WILL RECEIVE DISTRIBUTIONS. THE ORGANIZATIONS SELECTED AND THE TIMING OF THE DISTRIBUTIONS WILL BE DETERMINED BY THE BOARD OF TRUSTEES. SOME GRANTS MADE TO EDUCATIONAL ORGANIZATIONS MAY BE EARMARKED FOR SCHOLARSHIPS. IN SUCH CIRCUMSTANCES, THE SELECTION OF THE RECIPIENT STUDENTS WILL BE MADE BY THE EDUCATIONAL ORGANIZATION. THERE WILL BE NO LIMITATIONS BASED ON RACE, EMPLOYMENT STATUS OF THE PROSPECTIVE RECIPIENT, OR FAMILY RELATIONSHIP OF THE PROSPECTIVE RECIPIENT.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 13

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
USD #305 SALINA, KS 67401	NONE EAGER READERS MONTHLY BOOK DISTRIBUTION TO SALINA K-2ND GRADERS	PUBLIC	73,415.
FIRST PRESBYTERIAN CHURCH SALINA, KS 67401	NONE STEWARDSHIP CAMPAIGN	PUBLIC	25,000.
HABITAT FOR HUMANITY SALINA, KS 67401	NONE MATERIALS FOR BUILDING ONE HOME	PUBLIC	65,000.
KSDS, INC. WASHINGTON, KS 66968	NONE TRAINING & PLACING ASSISTANCE DOGS	PUBLIC	2,500.
KANSAS STATE FOUNDATION - MANHATTAN MANHATTAN, KS 66506	NONE HRIMD CULINARY EDUCATION WORKSHOP	PUBLIC	5,000.
PRESBYTERIAN MANOR SALINA, KS 67401	NONE PARK MAINTENANCE NEEDS	PUBLIC	4,000.
ROLLING HILLS WILDLIFE ADVENTURE SALINA, KS 67401	NONE DREAM NIGHT	PUBLIC	6,500.
ROLLING HILLS WILDLIFE ADVENTURE SALINA, KS 67401	NONE OPERATING BUDGET ASSISTANCE	PUBLIC	50,000.

DON C. AND FLORENCE M. MCCUNE FOUNDATION

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ROLLING HILLS WILDLIFE ADVENTURE SALINA, KS 67401	NONE DIORAMA	PUBLIC	10,000.
UNITED WAY SALINA, KS 67401	NONE ANNUAL CAMPAIGN FUND DRIVE	PUBLIC	15,000.
SALINA COMMUNITY THEATRE SALINA, KS 67401	NONE THEATRE RENOVATION	PUBLIC	25,000.
PRESBYTERIAN MANOR SALINA, KS 67401	NONE SOUP SUPPER SPONSORSHIP - GOOD SAMARITAN FUND	PUBLIC	1,000.
SALINA REGIONAL HEALTH FOUNDATION - DONNA VANIER CHILDREN'S CENTER SALINA, KS 67401	NONE BUILDING CAMPAIGN	PUBLIC	100,000.
SALINA ANIMAL SHELTER SALINA, KS 67401	NONE OPERATING BUDGET	PUBLIC	5,000.
STIEFEL THEATRE FOR THE PERFORMING ARTS SALINA, KS 67401	NONE CHILDREN'S LIVE PERFORMANCE FOR SALINA 2ND & 3RD GRADERS	PUBLIC	15,000.
THE CITY SALINA, KS 67401	NONE OPERATING BUDGET ASSISTANCE	PUBLIC	5,000.
THE CITY SALINA, KS 67401	NONE XCEL PROGRAM - MATERIALS AND EQUIPMENT	PUBLIC	7,000.
SUNRISE PRESBYTERIAN CHURCH SALINA, KS 67401	NONE CASTLE CHILDRENS SUMMER PROGRAM	PUBLIC	10,000.

TOTAL TO FORM 990-PF, PART XV, LINE 3A

424,415.

DON C AND FLORENCE M MCCUNE FOUNDATION
CAPITAL GAINS/LOSSES
July 1, 2009 to June 30, 2010

Fed ID #48-1164218

DESCRIPTION	DATE ACQUIRED	DATE SOLD	GROSS SALES PRICE	COST BASIS	GAIN OR LOSS
Short Term Capital Gains/Losses					
800 Shares Home Depot, Inc	3-25-09	11-09-09	\$ 21,141 43	\$ 18,710 00	\$ 2,431 43
800 Shares Home Depot, Inc	4-14-09	11-09-09	21,141 43	20,508 40	633 03
3321 Fractional Share Marriott Intl New CL A	3-31-09	7-31-09	7 86	5 55	2 31
3411 Fractional Share Marriott Intl New CL A	3-31-09	9-04-09	7 88	5 68	2 20
3069 Fractional Share Marriott Intl New CL A	3-31-09	12-07-09	8 26	0 00	8 26
1330 Fractional Share Adj Simon PPTY Group New	5-07-09	12-31-09	0 00	3 14	(3 14)
Short Term Capital Gains/Losses					
Securities Held in Managed Stifel Nicolaus Account #1539-1060 Sold 1-20-10 (See Attached Stifel Nicolaus Statement)	Various	1-20-10	372,732 84	245,044 32	127,688 52
			<u>415,039 70</u>	<u>284,277 09</u>	<u>130,762 61</u>
Long Term Capital Gains/Losses					
400 Shares Anadarko Petroleum Corp	2-01-05	9-10-09	\$ 22,926 40	\$ 13,433 00	\$ 9,493 40
700 Shares Annaly Cap Management REIT	8-12-05	6-09-10	12,227 40	10,775 32	1,452 08
800 Shares Annaly Cap Management REIT	8-12-05	6-09-10	13,974 18	12,314 65	1,659 53
1,500 Shares Annaly Cap Management REIT	8-12-05	6-09-10	26,201 58	23,104 98	3,096 60
AXA S A Spons Liquidation Proceeds	5-02-05	12-08-09	195 91	0 00	195 91
1,000 Shares Cisco Systems, Inc	11-01-04	6-09-10	23,241 65	18,394 97	4,846 68
1,000 Shares Coca Cola Company	11-01-04	6-09-10	51,762 17	39,714 95	12,047 22
1,500 Shares Conagra Foods, Inc	11-01-04	6-09-10	37,282 09	39,249 95	(1,967 86)
0816 Fractional Share DirectTV CL A	3-07-08	11-25-10	2 60	1 13	1 47
1,872 Shares Duke Energy Corp New	12-09-04	4-26-10	30,337 52	28,853 91	1,483 61
700 Shares Fannie Mae	11-01-04	6-09-10	639 61	48,599 14	(47,959 53)
300 Shares Fannie Mae	12-09-04	6-09-10	274 12	20,953 89	(20,679 77)
692 Shares Kraft Foods, Inc	10-27-04	6-09-10	20,191 56	11,283 07	8,908 49
898 Shares Lincoln National Corp	12-09-04	6-09-10	22,953 60	41,367 57	(18,413 97)
200 Shares McDonalds Corp	10-19-07	9-10-09	10,842 87	11,444 67	(601 80)
Merrill Lynch Litigation Proceeds	8-08-08	6-16-10	110 86	0 00	110 86
1,000 Shares Motors Liquidation Co	11-01-04	6-09-10	492 04	38,359 95	(37,867 91)
200 Shares Pepsico, Inc	7-01-03	9-10-09	11,436 72	7,474 82	3,961 90
600 Shares Principal Financial Group	3-07-07	4-09-10	17,182 00	36,153 50	(18,971 50)
600 Shares Principal Financial Group	4-17-07	4-09-10	17,182 00	37,877 00	(20,695 00)
300 Shares Principal Financial Group	2-04-08	4-09-10	8,591 01	18,213 68	(9,622 67)
32414 Fractional Share Taiwan Semiconductor	5-02-05	8-14-09	3 35	2 57	0 78
1,000 Shares Target Corporation	12-09-04	6-09-10	53,081 27	51,789 95	1,291 32
41 Shares Thornburg Mortgage, Inc	8-12-05	6-11-10	0 00	11,390 20	(11,390 20)
1,200 Shares Three (3) M Company	6-17-08	6-09-10	91,003 40	86,887 96	4,115 44
United Health Group Settlement Fund	5-02-05	12-04-09	79 84	0 00	79 84
400 Shares Walt Disney Co	3-09-04	8-13-09	10,117 54	10,465 64	(348 10)
600 Shares Walt Disney Co	3-09-04	5-13-10	20,960 38	15,698 45	5,261 93
500 Shares Walt Disney Co	7-01-03	5-13-10	17,466 99	18,447 01	(980 02)
500 Shares Walt Disney Co	7-01-03	5-13-10	17,466 99	14,289 76	3,177 23
1,200 Shares Washington Mutual, Inc	11-01-04	6-09-10	195 16	46,053 95	(45,858 79)
Xerox Corporation Litigation Proceeds	1999	1-07-10	1,607 85	0 00	1,607 85

DON C AND FLORENCE M MCCUNE FOUNDATION
CAPITAL GAINS/LOSSES
July 1, 2009 to June 30, 2010

Fed ID #48-1164218

<u>DESCRIPTION</u>	<u>DATE ACQUIRED</u>	<u>DATE SOLD</u>	<u>GROSS SALES PRICE</u>	<u>COST BASIS</u>	<u>GAIN OR LOSS</u>
<u>Long Term Capital Gains/Losses (Continued)</u>					
Long Term Capital Gains/Losses					
Securities Held in Managed Stifel Nicolaus Account #1539-1060 Sold 1-20-10 (See Attached Stifel Nicolaus Statement)	Various	1-20-10	1,516,875 00	1,474,920 74	41,954 26
Total Long Term Capital Gains/Losses			<u>2,056,905 66</u>	<u>2,187,516 38</u>	<u>(130,610 72)</u>
TOTAL CAPITAL GAINS ON SALE OF ASSETS @ 6-30-10		-	<u>\$ 2,471,945 36</u>	<u>\$ 2,471,793 47</u>	<u>\$ 151 89</u>