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

2010

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

For calendar year 2010, or tax year beginning , 2010, 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

Name of foundation **THE PAYNE FUND** A Employer identification number **13-5563006**

Number and street (or P O box number if mail is not delivered to street address) **50 PUBLIC SQUARE SUITE 4100** Room/suite B Telephone number (see page 10 of the instructions) **(216) 696-1621**

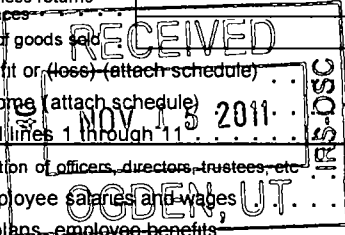
City or town, state, and ZIP code **CLEVELAND, OH 44113** C If exemption application is pending, check here
 D 1 Foreign organizations, check here
 2. Foreign organizations meeting the 85% test, check here and attach computation

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

I Fair market value of all assets at end of year (from Part II, col (c), line 16) **\$ 3,860,284.** J Accounting method Cash Accrual Other (specify) **MODIFIED CASH**
 (Part I, column (d) must be on cash basis) 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

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)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	650,548.			
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	70,070.	70,070.		ATCH 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	16,708.			
	b Gross sales price for all assets on line 6a 57,005.				
	7 Capital gain net income (from Part IV, line 2)		16,708.		
	8 Net short-term capital gain				
	9 Income modifications				
	10 a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	737,326.	86,778.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	0.			
	14 Other employee salaries and wages	0.			
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule) ATCH 2	11,654.	9,323.	0.	2,331.
	b Accounting fees (attach schedule) ATCH 3	9,700.	7,760.	0.	1,940.
	c Other professional fees (attach schedule)	47,026.	47,026.	0.	0.
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)				
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy	24,000.			12,912.
	21 Travel, conferences, and meetings	9,792.			9,792.
	22 Printing and publications				
	23 Other expenses (attach schedule) ATCH 5	54,928.	0.	0.	54,928.
	24 Total operating and administrative expenses. Add lines 13 through 23	157,100.	64,109.	0.	81,903.
	25 Contributions, gifts, grants paid	653,168.			653,168.
26 Total expenses and disbursements Add lines 24 and 25	810,268.	64,109.	0.	735,071.	
27 Subtract line 26 from line 12	-72,942.				
a Excess of revenue over expenses and disbursements					
b Net investment income (if negative, enter -0-)		22,669.			
c Adjusted net income (if negative, enter -0-)					

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	158,682.	91,089.	91,089.
	2 Savings and temporary cash investments			
	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 15 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			
	10 a Investments - U S and state government obligations (attach schedule),			
	b Investments - corporate stock (attach schedule) ATCH 6	3,334,346.	3,746,533.	3,746,533.
	c Investments - corporate bonds (attach schedule),			
	11 Investments - land, buildings, and equipment basis Less accumulated depreciation (attach schedule) ▶			
	12 Investments - mortgage loans			
	13 Investments - other (attach schedule) ATCH 7		22,662.	22,662.
	14 Land, buildings, and equipment basis Less accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	3,493,028.	3,860,284.	3,860,284.	
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.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	3,493,028.	3,860,284.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds				
30 Total net assets or fund balances (see page 17 of the instructions)	3,493,028.	3,860,284.		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	3,493,028.	3,860,284.		

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	3,493,028.
2 Enter amount from Part I, line 27a	2	-72,942.
3 Other increases not included in line 2 (itemize) ▶ ATTACHMENT 8	3	440,198.
4 Add lines 1, 2, and 3	4	3,860,284.
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	3,860,284.

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 PART IV SCHEDULE						
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)				2	16,708.	
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.						

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))	
2009	697,254.	3,233,332.	0.215646	
2008	720,189.	4,085,223.	0.176291	
2007	896,956.	4,669,988.	0.192068	
2006	916,476.	4,088,319.	0.224169	
2005	838,623.	3,939,592.	0.212871	
2 Total of line 1, column (d)			2	1.021045
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	0.204209
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5			4	3,786,319.
5 Multiply line 4 by line 3			5	773,200.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6	227.
7 Add lines 5 and 6			7	773,427.
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions on page 18			8	735,071.

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 ruling 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	453.
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	
3	Add lines 1 and 2	3	453.
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	453.
6	Credits/Payments		
6a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	1,304.
6b	Exempt foreign organizations-tax withheld at source	6b	0.
6c	Tax paid with application for extension of time to file (Form 8868)	6c	0.
6d	Backup withholding erroneously withheld	6d	
7	Total credits and payments Add lines 6a through 6d	7	1,304.
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	851.
11	Enter the amount of line 10 to be Credited to 2011 estimated tax <input type="checkbox"/> 851. Refunded <input type="checkbox"/>	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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? 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
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? 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
b 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?	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	X	
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) <input type="checkbox"/> NY, OH,		
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	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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions) 11 X
12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008? 12 X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? 13 X
Website address N/A
14 The books are in care of CHARLES P. BOLTON Telephone no 216-696-1621
Located at 50 PUBLIC SQUARE STE 4100 CLEVELAND, OH ZIP + 4 44115
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here 15
16 At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? 16 Yes No X
See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

1a During the year did the foundation (either directly or indirectly)
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? Yes X No
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes X No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes X No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes 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)? Yes 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) Yes 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 22 of the instructions)? 1b
Organizations relying on a current notice regarding disaster assistance check here
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010? 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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? Yes 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 page 22 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
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? Yes X No
b If "Yes," did it have excess business holdings in 2010 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 2010) 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 2010? 4b X

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

- 5 a 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)
- 6 a 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
- 7 a 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

5 b			
6 b			X
7 b			

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
ATTACHMENT 9		0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 23 of the instructions). If none, enter "NONE."

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

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

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

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."		
(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services		NONE

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 NONE	
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 NOT APPLICABLE	
2	
All other program-related investments See page 24 of the instructions	
3 NONE	
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	3,804,541.
b	Average of monthly cash balances	1b	39,438.
c	Fair market value of all other assets (see page 25 of the instructions)	1c	0.
d	Total (add lines 1a, b, and c)	1d	3,843,979.
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	0.
3	Subtract line 2 from line 1d	3	3,843,979.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions)	4	57,660.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,786,319.
6	Minimum investment return. Enter 5% of line 5	6	189,316.

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	189,316.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	453.
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	453.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	188,863.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	188,863.
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	188,863.

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	735,071.
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	735,071.
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	N/A
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	735,071.

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 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				188,863.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only				
b Total for prior years 20 08, 20 07, 20 06				
3 Excess distributions carryover, if any, to 2010				
a From 2005 34,175.				
b From 2006 58,913.				
c From 2007 0.				
d From 2008 0.				
e From 2009 536,107.				
f Total of lines 3a through e	629,195.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 735,071.				
a Applied to 2009, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required - see page 26 of the instructions)	650,548.			
d Applied to 2010 distributable amount				84,523.
e Remaining amount distributed out of corpus	0.			
f Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))	104,340.			104,340.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	1,175,403.			
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount - see page 27 of the instructions				
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions				
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				
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)	650,548.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	524,855.			
10 Analysis of line 9				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009 524,855.				
e Excess from 2010				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9) **NOT APPLICABLE**

- 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 2010, 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)

	Tax year				(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
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

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
<p>a <i>Paid during the year</i></p> <p>ATTACHMENT 10</p>				
<p>Total ▶ 3a</p>				<p>653,168.</p>
<p>b <i>Approved for future payment</i></p> <p>ATTACHMENT 11</p>				
<p>Total ▶ 3b</p>				<p>1,011,666.</p>

Schedule of Contributors

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

2010

Name of the organization
THE PAYNE FUND

Employer identification number
13-5563006

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

- 501(c)() (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization

Form 990-PF

- 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

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

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

General Rule

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

Special Rules

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ▶ \$ _____

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

Name of organization **THE PAYNE FUND**

Employer identification number
13-5563006

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	UD F P BOLTON FOR PAYNE FUND INC. 114 WEST 47TH STREET NEW YORK, NY 10036	\$ 650,548.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

THE PAYNE FUND, INC.
50 PUBLIC SQUARE, SUITE 4100
CLEVELAND, OH 44115

EIN: 13-5563006
YEAR END: 12/31/10

ELECTION PURSUANT TO REGS. SEC. 53.4942(a)-3(d)(2)

The Payne Fund, a private foundation, through its undersigned officer hereby elects, pursuant to Treasury Regulation 53.4942(a)-3(d)(2), to treat \$650,548 of its qualifying distribution for 2010 as made out of corpus.

Dated: *X* 10/20, 2011

By: *X* *Charles Bolton*
Charles Bolton, The Payne Fund

THE PAYNE FUND

ATTACHMENT 1

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

<u>DESCRIPTION</u>	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
INVESTMENT ACCOUNT INCOME	70,070.	70,070.
TOTAL	<u>70,070.</u>	<u>70,070.</u>

ATTACHMENT 2

FORM 990PF, PART I - LEGAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
LEGAL FEES	11,654.	9,323.	0.	2,331.
TOTALS	<u>11,654.</u>	<u>9,323.</u>	<u>0.</u>	<u>2,331.</u>

ATTACHMENT 3

FORM 990PF, PART I - ACCOUNTING FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
ACCOUNTING FEES	9,700.	7,760.	0.	1,940.
TOTALS	<u>9,700.</u>	<u>7,760.</u>	<u>0.</u>	<u>1,940.</u>

ATTACHMENT 4

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
TRUSTEE FEES	8,203.	8,203.	0.	0.
FINANCIAL CONSULTING	38,823.	38,823.	0.	0.
TOTALS	<u>47,026.</u>	<u>47,026.</u>	<u>0.</u>	<u>0.</u>

ATTACHMENT 5

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
PERSONNEL	38,728.	0.	0.	38,728.
POSTAGE	1,616.	0.	0.	1,616.
STATIONARY AND OFFICE SUPPLIES	1,108.	0.	0.	1,108.
FILING FEES	450.	0.	0.	450.
TELEPHONE	1,206.	0.	0.	1,206.
OFFICE EQUIPMENT	9,914.	0.	0.	9,914.
MISCELLANEOUS	1,906.	0.	0.	1,906.
TOTALS	54,928.	0.	0.	54,928.

THE PAYNE FUND

ATTACHMENT 6

FORM 990PF, PART II - CORPORATE STOCK

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
COMMON STOCK - SEE ATTACHED DETAIL	3,334,346.	3,746,533.	3,746,533.
TOTALS	<u>3,334,346.</u>	<u>3,746,533.</u>	<u>3,746,533.</u>

THE PAYNE FUND
 INVESTMENT ACCOUNT DETAIL RECONCILIATION
 12/31/2010

KCB	
OTHER EQUITIES	1,576,956
FIXED INCOME	472,018
REAL ESTATE	72,377
TANGIBLE ASSETS	81,587
ACCRUED INCOME	1,489
OBP	
OTHER EQUITIES	1,121,537
FIXED INCOME	319,340
REAL ESTATE	46,517
TANGIBLE ASSETS	53,698
ACCRUED INCOME	998
OTHER	16
	<hr/>
	\$ 3,746,533
	<hr/>

Settlement Date



Portfolio Detail

Account: PAYNE FUND INC 1 KCB

Jan. 01, 2010 through Dec 31, 2010

Units	Description	CUSIP	Market Value/ Market Price	% of Total	Average Unit Cost	Tax Cost/ Unit Cost	Unrealized Gain/Loss	Accrued Income	Estimated Annual Income	Cur Yld/ YTM
1,179.441	COLUMBIA ACORN INTERNATIONAL FUND CLASS Z SHARES Ticker: ACINX	197199813	\$48,262.73 40.920	2.2%	\$24,827.23 21.050	\$0.00	\$23,435.50	\$0.00	\$1,086.27	2.3%
7,731.289	COLUMBIA DIVIDEND INCOME FUND CLASS Z SHARES Ticker: GSFTX	19765N245	100,970.63 13.060	4.6	69,658.91 9.010	0.00	31,311.72	0.00	2,381.24	2.4
6,904.060	COLUMBIA INTERNATIONAL GROWTH FUND CLASS Z SHARES Ticker: UMINX	19765Y787	99,763.67 14.450	4.5	80,406.37 11.646	0.00	19,357.30	0.00	1,981.47	2.0
27,892.821	COLUMBIA LARGE CAP CORE FUND CLASS Z SHARES Ticker: NSEP X	19765H271	366,232.74 13.130	16.5	238,204.68 8.540	0.00	128,028.06	0.00	2,482.46	0.7
4,298.228	COLUMBIA MID CAP GROWTH FUND CLASS Z SHARES Ticker: CLSP X	19765P232	114,461.81 26.630	5.2	59,917.29 13.940	0.00	54,544.52	0.00	38.68	0.0
22,694.910	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES Ticker: UMLG X	19765V688	286,182.82 12.610	12.9	234,186.66 10.319	0.00	51,996.16	0.00	0.00	0.0

Other Equities

Settlement Date



Portfolio Detail

Jan. 01, 2010 through Dec. 31, 2010

Account: PAYNE FUND INC 1 KCB

Units	Description	CUSIP	Market Value/ Market Price	% of Total	Average Unit Cost	Tax Cost/ Unit Cost	Unrealized Gain/Loss	Accrued Income	Estimated Annual Income	Cur Yld/ YTM
Other Equities (cont)										
9,166.419	COLUMBIA SELECT SMALL CAP FUND CLASS Z SHARES Ticker: UMLC X	19765Y569	162,795.60 17.760	7.3	118,583.91 12.937		44,211.69	0.00	0.00	0.0
2,137.891	COLUMBIA VALUE AND RESTRUCTURING FUND CLASS Z SHARES Ticker: UMBIX	19765Y514	107,984.87 50.510	4.9	64,304.79 30.079		43,680.08	0.00	1,299.84	1.2
1,643.424	HARBOR INTERNATIONAL FUND INSTL CL Ticker: HAIN X	411511306	99,509.32 60.550	4.5	57,339.05 34.890		42,170.27	0.00	1,433.07	1.4
4,800.498	LAZARD FUNDS INC EMERGING MKTS PORTFOLIO INSTL Ticker: LZEM X	52106N889	104,554.85 21.780	4.7	86,168.94 17.950		18,385.91	0.00	1,214.53	1.2
9,923.665	OLD MUTUAL TS&W MID CAP VALUE FUND CL I Ticker: OTMIX	68002Q248	86,236.65 8.690	3.9	64,603.06 6.510		21,633.59	0.00	555.73	0.6
Total Other Equities			\$1,576,955.69	71.1%	\$1,098,200.89		\$478,754.80	\$0.00	\$12,473.29	0.8%
Total Equities			\$1,576,955.69	71.1%	\$1,098,200.89		\$478,754.80	\$0.00	\$12,473.29	0.8%

Investment Grade Taxable										
33,887.697	COLUMBIA SHORT TERM BOND FUND CLASS Z SHARES	19765H362	\$336,504.83 9.930	15.2%	\$335,466.62 9.899		\$1,038.21	\$780.83	\$10,132.42	3.0%
Total Investment Grade Taxable			\$336,504.83	15.2%	\$335,466.62		\$1,038.21	\$780.83	\$10,132.42	3.0%
International Developed Bonds										
5,039.342	ROWET PRICE INTL FDS INC INTL BD FD	77956H104	\$50,141.45 9.950	2.3%	\$50,947.75 10.110		-\$806.30	\$0.00	\$1,234.64	2.5%
Total International Developed Bonds			\$50,141.45	2.3%	\$50,947.75		-\$806.30	\$0.00	\$1,234.64	2.5%
Global High Yield Taxable										
5,164.502	ARTIO GLOBAL HIGH INCOME FUND CL I	04315J860	\$52,626.28 10.190	2.4%	\$37,377.94 7.237		\$15,248.34	\$708.05	\$4,203.90	8.0%

Settlement Date



Portfolio Detail

Jan 01, 2010 through Dec 31, 2010

Account: PAYNE FUND INC 1 KCB

Units	Description	CUSIP	Market Value/ Market Price	% of Total	Average Unit Cost	Tax Cost/ Unit Cost	Unrealized Gain/Loss	Accrued Income	Estimated Annual Income	Cur Yld/ YTM
Global High Yield Taxable (cont)										
3,089,276	PIMCO DEVELOPING LOCAL MKTS FUND INSTL	72201F409	32,746.33 10,600	1.5	30,923.66 10,010		1,822.67	0.00	627.12	1.9
	Total Global High Yield Taxable		\$85,372.61	3.9%	\$68,301.60		\$17,071.01	\$708.05	\$4,831.02	5.7%
	Total Fixed Income		\$472,018.89	21.3%	\$454,715.97		\$17,302.92	\$1,488.88	\$16,198.08	3.4%

Public REITs										
4,615,869	NATIXIS FDS TR IV AEW REAL ESTATE FD CLY COM	63872W409	\$72,376.83 15,680	3.3%	\$50,959.19 11,040		\$21,417.64	\$0.00	\$1,144.74	1.6%
	Total Public REITs		\$72,376.83	3.3%	\$50,959.19		\$21,417.64	\$0.00	\$1,144.74	1.6%
	Total Real Estate		\$72,376.83	3.3%	\$50,959.19		\$21,417.64	\$0.00	\$1,144.74	1.6%

Commodities										
8,782,266	PIMCO COMMODITY REALRETURN STRATEGY FUND	722005667	\$81,587.25 9,290	3.7%	\$70,960.71 8,080		\$10,626.54	\$0.00	\$7,298.06	8.9%
	Total Commodities		\$81,587.25	3.7%	\$70,960.71		\$10,626.54	\$0.00	\$7,298.06	8.9%
	Total Tangible Assets		\$81,587.25	3.7%	\$70,960.71		\$10,626.54	\$0.00	\$7,298.06	8.9%

Settlement Date



Portfolio Detail

Account: PAYNE FUND INC 2 OBP

Jan. 01, 2010 through Dec. 31, 2010

Units	Description	CUSIP	Market Value/ Market Price	% of Total	Average Unit Cost	Tax Cost/ Unit Cost	Unrealized Gain/Loss	Accrued Income	Estimated Annual Income	Cur Yld/ YTM
824,657	COLUMBIA ACORN INTERNATIONAL FUND CLASS Z SHARES Ticker: ACIN X	197199813	\$33,744.96 40.920	2.1%	\$17,410.98 21.113		\$16,333.98	\$0.00	\$759.51	2.3%
5,331,928	COLUMBIA DIVIDEND INCOME FUND CLASS Z SHARES Ticker: GSFT X	19765N245	69,634.98 13.060	4.3	48,040.67 9.010		21,594.31	0.00	1,642.23	2.4
4,798,379	COLUMBIA INTERNATIONAL GROWTH FUND CLASS Z SHARES Ticker: UMIN X	19765Y787	69,336.58 14.450	4.3	59,391.54 12.377		9,945.04	0.00	1,377.13	2.0
21,697,121	COLUMBIA LARGE CAP CORE FUND CLASS Z SHARES Ticker: NSEP X	19765H271	284,883.20 13.130	17.8	185,293.41 8.540		99,589.79	0.00	1,931.04	0.7
2,963,149	COLUMBIA MID CAP GROWTH FUND CLASS Z SHARES Ticker: CLSP X	19765P232	78,908.66 26.630	4.9	41,829.04 14.116		37,079.62	0.00	26.67	0.0
15,657,333	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES Ticker: UMLG X	19765Y688	197,438.97 12.610	12.3	154,247.53 9.851		43,191.44	0.00	0.00	0.0

Other Equities

Settlement Date



Portfolio Detail

Jan. 01, 2010 through Dec. 31, 2010

Account: PAYNE FUND INC 2 OBP

Units	Description	CUSIP	Market Value/ Market Price	% of Total	Average Unit Cost	Tax Cost/ Unit Cost	Unrealized Gain/Loss	Accrued Income	Estimated Annual Income	Cur Yld/ YTM
Other Equities (cont)										
6,317.637	COLUMBIA SELECT SMALL CAP FUND CLASS Z SHARES Ticker: UMLC X	19765Y589	112,201.23 17.760	7.0	82,861.78 13.116		29,339.45	0.00	0.00	0.0
1,484.800	COLUMBIA VALUE AND RESTRUCTURING FUND CLASS Z SHARES Ticker: UMBI X	19765Y514	74,997.25 50.510	4.7	54,708.92 36.846		20,288.33	0.00	902.76	1.2
1,146.724	HARBOR INTERNATIONAL FUND INSTL CL Ticker: HAIN X	411511306	69,434.14 60.550	4.3	40,009.20 34.890		29,424.94	0.00	999.94	1.4
3,259.939	LAZARD FUNDS INC EMERGING MKTS PORTFOLIO INSTL Ticker: LZEM X	52106N889	71,001.47 21.780	4.4	58,515.90 17.950		12,485.57	0.00	824.76	1.2
6,899.349	OLD MUTUAL TS&W MID CAP VALUE FUND CL Ticker: OTMI X	680020248	59,955.34 8.690	3.7	44,914.76 6.510		15,040.58	0.00	386.36	0.6
Total Other Equities			\$1,121,536.78	69.9%	\$787,223.73		\$334,313.05	\$0.00	\$8,850.40	0.8%
Total Equities			\$1,121,536.78	69.9%	\$787,223.73		\$334,313.05	\$0.00	\$8,850.40	0.8%

Investment Grade Taxable										
23,376.375	COLUMBIA SHORT TERM BOND FUND CLASS Z SHARES	19765H362	\$232,127.40 9.930	14.5%	\$229,286.90 9.808		\$2,840.50	\$537.03	\$6,989.54	3.0%
Total Investment Grade Taxable			\$232,127.40	14.5%	\$229,286.90		\$2,840.50	\$537.03	\$6,989.54	3.0%
International Developed Bonds										
3,233.547	ROWE T PRICE INTL FDS INC INTL BD FD	77956H104	\$32,173.79 9.950	2.0%	\$32,691.16 10.110		-\$517.37	\$0.00	\$792.22	2.5%
Total International Developed Bonds			\$32,173.79	2.0%	\$32,691.16		-\$517.37	\$0.00	\$792.22	2.5%
Global High Yield Taxable										
3,363.027	ARTIO GLOBAL HIGH INCOME FUND CL	04315J860	\$34,269.25 10.190	2.1%	\$24,339.81 7.237		\$9,929.44	\$461.07	\$2,737.50	8.0%

Settlement Date



Portfolio Detail

Jan. 01, 2010 through Dec. 31, 2010

Account: PAYNE FUND INC 2 OBP

Units	Description	CUSIP	Market Value/ Market Price	% of Total	Average Unit Cost	Tax Cost/ Unit Cost	Unrealized Gain/Loss	Accrued Income	Estimated Annual Income	Cur Yld/ YTM
	Global High Yield Taxable (cont)									
1,959,346	PIMCO DEVELOPING LOCAL MKTS FUND INSTL	72201F409	20,769.07 10,600	1.3	19,613.05 10,010		1,156.02	0.00	397.75	1.9
	Total Global High Yield Taxable		\$55,038.32	3.4%	\$43,952.86		\$11,085.46	\$461.07	\$3,135.25	5.7%
	Total Fixed Income		\$319,339.51	19.9%	\$305,930.92		\$13,408.59	\$998.10	\$10,917.01	3.4%

	Public REITs									
2,966,669	NATIXIS FDS TR IV AEW REAL ESTATE FD CLY COM	63872W409	\$46,517.37 15,680	2.9%	\$32,752.02 11,040		\$13,765.35	\$0.00	\$735.73	1.6%
	Total Public REITs		\$46,517.37	2.9%	\$32,752.02		\$13,765.35	\$0.00	\$735.73	1.6%
	Total Real Estate		\$46,517.37	2.9%	\$32,752.02		\$13,765.35	\$0.00	\$735.73	1.6%

	Commodities									
5,780,153	PIMCO COMMODITY REALRETURN STRATEGY FUND	722005667	\$53,697.62 9,290	3.3%	\$46,703.63 8,080		\$6,993.99	\$0.00	\$4,803.31	8.9%
	Total Commodities		\$53,697.62	3.3%	\$46,703.63		\$6,993.99	\$0.00	\$4,803.31	8.9%
	Total Tangible Assets		\$53,697.62	3.3%	\$46,703.63		\$6,993.99	\$0.00	\$4,803.31	8.9%

THE PAYNE FUND

ATTACHMENT 7

FORM 990PF, PART II - OTHER INVESTMENTS

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
VENTURE CAPITAL FUND	22,662.	22,662.
TOTALS	<u>22,662.</u>	<u>22,662.</u>

FORM 990PF, PART III - OTHER INCREASES IN NET WORTH OR FUND BALANCES

<u>DESCRIPTION</u>	<u>AMOUNT</u>
UNREALIZED GAIN ON SECURITIES	440,198.
TOTAL	<u>440,198.</u>

THE PAYNE FUND

13-5563006

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

ATTACHMENT 9

CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS

EXPENSE ACCT AND OTHER ALLOWANCES

TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION

COMPENSATION

NAME AND ADDRESS

MR. CHARLES P. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44115	SECRETARY/TREASURER 1.00	0.	0.	0.
MR. JOHN B. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44115	VICE PRESIDENT 1.00	0.	0.	0.
MR. KENYON C. BOLTON, III 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44115	VICE PRESIDENT 1.00	0.	0.	0.
MR. PHILLIP P. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44115	VICE PRESIDENT 1.00	0.	0.	0.
MR. THOMAS C. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44115	VICE PRESIDENT 1.00	0.	0.	0.
MR. WILLIAM B. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44115	VICE PRESIDENT 1.00	0.	0.	0.

THE PAYNE FUND

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

ATTACHMENT 9 (CONT'D)

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
MRS. BARBARA B. GRATRY 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44115	PRESIDENT 1.00	0.	0.	0.
MRS. MARY B. HOOPER 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44115	VICE PRESIDENT 1.00	0.	0.	0.
GRAND TOTALS		0.	0.	0.

THE PAYNE FUND

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 10

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
AIM HIGH	NONE PUBLIC	GENERAL	5,000.
ASHEVILLE SYMPHONY	NONE PUBLIC	ANNUAL FUND / ENDOWMENT	15,000.
DECORATIVE ARTS CENTER OF OHIO	NONE PUBLIC	GENERAL	15,000.
MOUNT VERNON LADIES ASSOCIATION	NONE PUBLIC	GENERAL	2,500.
SOCIETY OF THE FOUR ARTS	NONE PUBLIC	GENERAL	10,000.
CLEVELAND MUSEUM OF ART	NONE PUBLIC	BUILDING PROJECT & ANNUAL FUND	60,000.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 10 (CONT'D)

<u>RECIPIENT NAME AND ADDRESS</u>	<u>RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT</u>	<u>PURPOSE OF GRANT OR CONTRIBUTION</u>	<u>AMOUNT</u>
MUSICAL ARTS ASSOCIATION	NONE PUBLIC	GENERAL	50,000.
PINE JOG ENVIRONMENTAL EDUCATION CENTER	NONE PUBLIC	GENERAL	1,250.
FPB SCHOOL OF NURSING	NONE PUBLIC	MAY WYKELE PROFESSORSHIP	75,000.
GEORGIA STATE UNIVERSITY FOUNDATION	NONE PUBLIC	GENERAL	25,000.
ASHEVILLE BRAVO CONCERTS	NONE PUBLIC	ANNUAL FUND / ENDOWMENT	5,000.
CASE/CLEVELAND PLAY HOUSE MFA PROGRAM	NONE PUBLIC	GENERAL	50,000.

FORM 990PE, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 10 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
FUND FOR ECONOMIC FUTURE	NONE PUBLIC	GENERAL	33,334.
GROTON SCHOOL	NONE PUBLIC	GENERAL	12,500.
THE AMERICAN COLLEGE OF GREECE	NONE PUBLIC	GENERAL	5,000.
WESTERN RESERVE HISTORICAL SOCIETY	NONE PUBLIC	COSTUME COLLECTION	1,250.
PROUTS NECK ASSOCIATION	NONE PUBLIC	GENERAL	15,000.
SUN VALLEY ADAPTIVE SPORTS PROGRAM	NONE PUBLIC	GENERAL	5,000.

FORM 990FE, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 10 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND		PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
	FOUNDATION STATUS OF RECIPIENT	FOUNDATION STATUS OF RECIPIENT		
VISITING NURSE ASSOCIATION	NONE PUBLIC	NONE PUBLIC	GENERAL	33,334.
HARVARD ART MUSEUMS	NONE PUBLIC	NONE PUBLIC	GENERAL	5,000.
BREVARD MUSIC CENTER	NONE NONE	NONE NONE	GENERAL	10,000.
ST. TIMOTHY'S SCHOOL	NONE PUBLIC	NONE PUBLIC	GENERAL	5,000.
CLEVELAND INSTITUTE OF MUSIC	NONE	NONE	GENERAL	95,000.
FOREST UNLIMITED	NONE PUBLIC	NONE PUBLIC	GENERAL	5,000.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 10 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND		PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
	FOUNDATION STATUS OF RECIPIENT	FOUNDATION STATUS OF CONTRIBUTOR		
BRATENAHL LAND CONSERVANCY	NONE PUBLIC	NONE PUBLIC	GENERAL	10,000.
HAWKEN SCHOOL	NONE PUBLIC	NONE PUBLIC	GENERAL	25,000.
UNIVERSITY SCHOOL	NONE PUBLIC	NONE PUBLIC	GENERAL	10,000.
EVERGREEN COOPERATIVE DEVELOPMENT FUND	NONE PUBLIC	NONE PUBLIC	GENERAL	25,000.
KENT STATE MUSEUM	NONE PUBLIC	NONE PUBLIC	GENERAL	1,500.
NEWBRIDGE	NONE PUBLIC	NONE PUBLIC	GENERAL	25,000.

FORM 990FF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 10 (CONT'D)

<u>RECIPIENT NAME AND ADDRESS</u>	<u>RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT</u>	<u>PURPOSE OF GRANT OR CONTRIBUTION</u>	<u>AMOUNT</u>
ARENA THEATRE ASSOCIATION	NONE PUBLIC	GENERAL	5,000.
SAVE THE BAY	NONE PUBLIC	GENERAL	5,000.
COURTAULD INSTITUTE	NONE PUBLIC	GENERAL	5,000.
DEDHAM LAND TRUST	NONE PUBLIC	GENERAL	2,500.
		TOTAL CONTRIBUTIONS PAID	<u>653,168.</u>

THE PAYNE FUND

FORM 990FP, PART XV - CONTRIBUTIONS APPROVED FOR FUTURE PAYMENT

ATTACHMENT 11

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
CLEVELAND MUSEUM OF ART	N/A PUBLIC	BUILDING PROJECT	450,000.
GROTON SCHOOL	N/A PUBLIC	GENERAL	50,000.
FPB SCHOOL OF NURSING	N/A PUBLIC	MAY WYKLE PROFESSORSHIP	87,500.
CLEVELAND INSTITUTE OF MUSIC	N/A PUBLIC	CAPITAL CAMPAIGN	210,000.
NATURAL HISTORY MUSEUM	N/A PUBLIC	CAPITAL CAMPAIGN	15,000.
HAWKEN SCHOOL	NONE PUBLIC	GENERAL	25,000.

THE PAYNE FUND

FORM 990PF, PART XV - CONTRIBUTIONS APPROVED FOR FUTURE PAYMENT

ATTACHMENT 11 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
BRATENAHL LAND CONSERVANCY	NONE PUBLIC	GENERAL	10,000.
FUND FOR ECONOMIC FUTURE	NONE PUBLIC	GENERAL	66,666.
HELEN MOSS BREAST CANCER RESEARCH FUND	NONE PUBLIC	GENERAL	37,500.
NEWRIDGE	NONE PUBLIC	GENERAL	25,000.
EVERGREEN COOPERATIVE DEVELOPMENT FUND	NONE PUBLIC	GENERAL	25,000.
CLEVELAND INTERNATIONAL PIANO COMPETITION	NONE PUBLIC	GENERAL	10,000.

TOTAL CONTRIBUTIONS APPROVED

1,011,666.

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of exempt organization THE PAYNE FUND	Employer identification number 13-5563006
	Number, street, and room or suite no. If a P.O. box, see instructions 50 PUBLIC SQUARE SUITE 4100	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions CLEVELAND, OH 44115	

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ CHARLES P. BOLTON

Telephone No. ▶ 216 696-1621 FAX No. ▶ _____

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 08/15, 2011, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year 2010 or

▶ tax year beginning _____, 20____, and ending _____, 20____

2 If the tax year entered in line 1 is for less than 12 months, check reason. Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	\$ 0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	\$ 2,005.
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFIPS (Electronic Federal Tax Payment System). See instructions	3c	\$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Paperwork Reduction Act Notice, see Instructions.

• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box X

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1)

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed)		
Type or print <small>File by the extended due date for filing your return See instructions</small>	Name of exempt organization THE PAYNE FUND	Employer identification number 13-5563006
	Number, street, and room or suite no If a P O box, see instructions 50 PUBLIC SQUARE SUITE 4100	
	City, town or post office, state, and ZIP code For a foreign address, see instructions CLEVELAND, OH 44115	

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

• The books are in the care of **CHARLES P. BOLTON**
Telephone No **216 696-1621** FAX No _____

• If the organization does not have an office or place of business in the United States, check this box

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until 11/15, 2011

5 For calendar year 2010, or other tax year beginning _____, 20____, and ending _____, 20____

6 If the tax year entered in line 5 is for less than 12 months, check reason Initial return Final return Change in accounting period

7 State in detail why you need the extension **ADDITIONAL TIME IS NEEDED IN ORDER TO FILE A COMPLETE AND ACCURATE RETURN.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	8a \$	571.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b \$	2,005.
c Balance Due. Subtract line 8b from line 8a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	8c \$	

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature Christy B. Dineen Title _____ Date **AUG 15 2011**

**FORM 990-PF - PART IV
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
57,005.		SEE ATTACHED 40,297.					VAR 16,708.	VAR
TOTAL GAIN (LOSS)							<u>16,708.</u>	

The Payne Fund
 Realized Gain (Loss) Summary
 12/31/2010

	<u>PROCEEDS</u>	<u>COST</u>	Realized <u>Gain (Loss)</u>
SUMMARIZED ATTACHED:			
Miscellaneous Capital Gains Transactions	57,005	39,591	17,414
TOTAL	<u>57,005</u>	<u>40,297</u>	<u>16,708</u>

Settlement Date



Activity Detail

Jan. 01, 2010 through Dec 31, 2010

Account: PAYNE FUND INC 1 KCB

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/14/10	COLUMBIA LARGE CAP CORE FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,157,407 UNITS @ 12.9600 ACCOUNT		\$15,000.00	-\$9,884.26		\$5,115.74
12/20/10	ARTIO GLOBAL HIGH INCOME FUND CLI MUTUAL FUND AGENT PROCEEDS REDEMPTION 28,000 UNITS @ 10.5200 ACCOUNT		294.56	-202.65		91.91
12/20/10	COLUMBIA ACORN INTERNATIONAL FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 6,015 UNITS @ 39.7506 ACCOUNT		239.10	-126.62		112.48
12/20/10	COLUMBIA LARGE CAP CORE FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 163,496 UNITS @ 13.0099 ACCOUNT		2,127.08	-1,396.26		730.82
12/20/10	COLUMBIA SHORT TERM BOND FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 183,629 UNITS @ 9.9300 ACCOUNT		1,823.44	-1,835.33		-11.89
12/20/10	COLUMBIA DIVIDEND INCOME FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 42,000 UNITS @ 13.0200 ACCOUNT		546.84	-378.42		168.42

Settlement Date



Activity Detail

Jan. 01, 2010 through Dec 31, 2010

Account: PAYNE FUND INC 1 KCB

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/20/10	COLUMBIA MID CAP GROWTH FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 22,879 UNITS @ 26.5396 ACCOUNT		607.20	-346.56		260.64
12/20/10	COLUMBIA VALUE AND RESTRUCTURING FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 11,983 UNITS @ 48.8091 ACCOUNT		584.88	-373.94		210.94
12/20/10	COLUMBIA SELECT SMALL CAP FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 49,773 UNITS @ 17.6601 ACCOUNT		879.00	-730.17		148.83
12/20/10	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 122,806 UNITS @ 12.7100 ACCOUNT		1,560.87	-2,030.14		-469.27
12/20/10	COLUMBIA INTERNATIONAL GROWTH FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 38,242 UNITS @ 14.1101 ACCOUNT		539.60	-538.35		1.25
12/20/10	HARBOR INTERNATIONAL FUND INSTL CL MUTUAL FUND AGENT PROCEEDS REDEMPTION 9,149 UNITS @ 59.1507 ACCOUNT		541.17	-319.21		221.96

Settlement Date



Activity Detail

Jan. 01, 2010 through Dec. 31, 2010

PAYNE FUND INC 1 KCB

Account:

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/20/10	LAZARD FUNDS INC EMERGING MKTS PORTFOLIO INSTL MUTUAL FUND AGENT PROCEEDS REDEMPTION 26 012 UNITS @ 21.3801 ACCOUNT		556 14	-466 92	89.22	
12/20/10	NATIXIS FDS TR IV AEW REAL ESTATE FD CL Y COM MUTUAL FUND AGENT PROCEEDS REDEMPTION 24.817 UNITS @ 15.0400 ACCOUNT		373 25	-273 98		99.27
12/20/10	OLD MUTUAL TS&W MID CAP VALUE FUND CL I MUTUAL FUND AGENT PROCEEDS REDEMPTION 53.813 UNITS @ 8.6499 ACCOUNT		465.48	-350.32		115 16
12/20/10	PIMCO COMMUNITY REALRETURN STRATEGY FUND MUTUAL FUND AGENT PROCEEDS REDEMPTION 47 309 UNITS @ 9.0299 ACCOUNT		427 20	-382.26		44 94
12/20/10	PIMCO DEVELOPING LOCAL MKTS FUND INSTL MUTUAL FUND AGENT PROCEEDS REDEMPTION 17.016 UNITS @ 10.4301 ACCOUNT		177 48	-170 33		7.15
12/20/10	ROWET PRICE INTL FDS INC INTL BD FD MUTUAL FUND AGENT PROCEEDS REDEMPTION 26.972 UNITS @ 9.7100 ACCOUNT		261 90	-272 69		-10 79

Settlement Date



Activity Detail

Jan. 01, 2010 through Dec. 31, 2010

Account: PAYNE FUND INC 1 KCB

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/29/10	COLUMBIA LARGE CAP CORE FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 2,284,844 UNITS @ 13.1299 ACCOUNT		30,000.00	-19,512.57		10,487.43

Total Sales and Maturities

\$0.00 \$57,005.19 -\$39,590.98 \$89.22 \$17,324.99

Settlement Date



Activity Detail

Jan. 01, 2010 through Dec. 31, 2010

PAYNE FUND INC 1 KCB

Account:

Date	Description	Market Value	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
Non-Cash Transactions					
Tax Cost Adjustments					
04/02/10	ARTIO GLOBAL HIGH INCOME FUND CLI COST BASIC ADJUSTMENT ACCOUNT		-\$428.53		
	Total Tax Cost Adjustments	\$0.00	-\$428.53	\$0.00	\$0.00
	Total Non-Cash Transactions	\$0.00	-\$428.53	\$0.00	\$0.00

Settlement Date



Activity Detail

Jan. 01, 2010 through Dec 31, 2010

PAYNE FUND INC 2 OBP

Account:

Date	Description	Market Value	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
Non-Cash Transactions					

Tax Cost Adjustments

04/02/10 ARTIO GLOBAL HIGH INCOME FUND
 CLI
 COST BASIS ADJUSTMENT
 ACCOUNT

- \$277.54
 \$0.00
 -\$277.54
 \$0.00
 -\$277.54

Total Tax Cost Adjustments

\$0.00
 \$0.00

Total Non-Cash Transactions

\$0.00
 \$0.00