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

2010

Department of the Treasury
 Internal Revenue Service

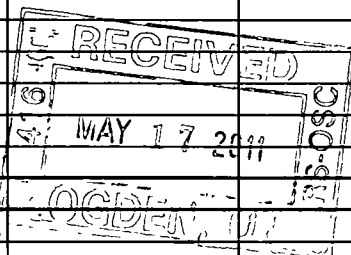
Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2010, or tax year beginning _____, and ending _____

G Check all that apply: Initial return Amended return Initial return of a former public charity Address change Final return Name change

Name of foundation THE STEARNS FOUNDATION		A Employer identification number 20-3936786
Number and street (or P O box number if mail is not delivered to street address) 6902 THE PRESERVE TERRACE	Room/suite	B Telephone number 858-558-9200
City or town, state, and ZIP code SAN DIEGO, CA 92130		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 1,961,191. (Part I, column (d) must be on cash basis)	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))</small>	(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	400,000.		N/A	
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	55,921.	45,430.		STATEMENT 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	42,350.			
b Gross sales price for all assets on line 6a 1,100,030.				
7 Capital gain net income (from Part IV, line 2)		42,350.		
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	498,271.	87,780.		
13 Compensation of officers, directors, trustees, etc	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees STMT 2	3,658.	366.		3,292.
c Other professional fees				
17 Interest				
18 Taxes STMT 3	4,426.	0.		10.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 4	9,902.	8,450.		357.
24 Total operating and administrative expenses. Add lines 13 through 23	17,986.	8,816.		3,659.
25 Contributions, gifts, grants paid	125,750.			125,750.
26 Total expenses and disbursements. Add lines 24 and 25	143,736.	8,816.		129,409.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	354,535.			
b Net investment income (if negative, enter -0-)		78,964.		
c Adjusted net income (if negative, enter -0-)			N/A	



SCANNED MAY 18 2011

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		99,329.	644,400.	644,400.	
	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					
	10a	Investments - U.S. and state government obligations STMT 5		423,137.	342,239.	352,283.	
	b	Investments - corporate stock					
	c	Investments - corporate bonds STMT 6		281,763.	448,788.	466,536.	
11	Investments - land, buildings, and equipment basis ▶						
	Less accumulated depreciation ▶						
12	Investments - mortgage loans						
13	Investments - other STMT 7		761,732.	485,069.	497,972.		
14	Land, buildings, and equipment: basis ▶						
	Less accumulated depreciation ▶						
15	Other assets (describe ▶)						
	16 Total assets (to be completed by all filers)		1,565,961.	1,920,496.	1,961,191.		
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 ▶ <input type="checkbox"/>						
	and complete lines 24 through 26 and lines 30 and 31.						
	24	Unrestricted					
	25	Temporarily restricted					
	26	Permanently restricted					
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>						
	and complete lines 27 through 31.						
	27	Capital stock, trust principal, or current funds		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		1,565,961.	1,920,496.			
30	Total net assets or fund balances		1,565,961.	1,920,496.			
31	Total liabilities and net assets/fund balances		1,565,961.	1,920,496.			

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,565,961.
2	Enter amount from Part I, line 27a	2	354,535.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	1,920,496.
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	1,920,496.

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	STATE STREET BANK & TRUST - SEE ATTACHMENT	P	VARIOUS	VARIOUS
b	STATE STREET BANK & TRUST - SEE ATTACHMENT	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	617,916.		604,668.	13,248.
b	477,375.		453,012.	24,363.
c	4,739.			4,739.
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			13,248.
b			24,363.
c			4,739.
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	42,350.
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))
2009	99,881.	1,586,989.	.062937
2008	169,063.	1,649,419.	.102499
2007	182,153.	1,883,725.	.096698
2006	117,512.	1,932,706.	.060802
2005	0.	23,660.	.000000

2	Total of line 1, column (d)	2	.322936
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	.064587
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	1,588,526.
5	Multiply line 4 by line 3	5	102,598.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	790.
7	Add lines 5 and 6	7	103,388.
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.	8	129,409.

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	790.
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	790.
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	790.
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	2,400.
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	2,400.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,610.
11	Enter the amount of line 10 to be: Credited to 2011 estimated tax <input checked="" type="checkbox"/> 1,610. Refunded <input type="checkbox"/>	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
1c		X
2		X
3		X
4a		X
4b		
5		X
6	X	
7	X	
8a		
8b	X	
9		X
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)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>N/A</u>	13	X	
14	The books are in care of ► <u>LINDSAY & BROWNELL, LLP</u> Telephone no. ► <u>858-558-9200</u> Located at ► <u>4225 EXECUTIVE SQUARE, #1150, LA JOLLA, CA</u> ZIP+4 ► <u>92037</u>			
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 ► <u>15</u> <u>N/A</u>			
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? 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 ►	16	Yes	No X

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 type="checkbox"/> Yes <input checked="" 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 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here N/A ► <input type="checkbox"/>	1b	
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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? <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	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► _____, _____, _____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.) 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 2010?	4b	X

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

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

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? 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)? Yes No
 Organizations relying on a current notice regarding disaster assistance check here N/A

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). N/A

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

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

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

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

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

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

(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
ESTHER M. STEARNS 6902 THE PRESERVE TERRACE SAN DIEGO, CA 92130	DIRECTOR & PRESIDENT 0.25	0.	0.	0.
JAN COHN STEARNS 6902 THE PRESERVE TERRACE SAN DIEGO, CA 92130	DIRECTOR, SECRETARY & CFO 0.25	0.	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

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

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

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

Total number of others receiving over \$50,000 for professional services ▶ 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
3 All other program-related investments. See instructions.	

Total. Add lines 1 through 3 ▶ 0.

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	1,335,366.
b Average of monthly cash balances	1b	277,351.
c Fair market value of all other assets	1c	0.
d Total (add lines 1a, b, and c)	1d	1,612,717.
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	1,612,717.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	24,191.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,588,526.
6 Minimum investment return. Enter 5% of line 5	6	79,426.

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	79,426.
2a Tax on investment income for 2010 from Part VI, line 5	2a	790.	
b Income tax for 2010. (This does not include the tax from Part VI.)	2b		
c Add lines 2a and 2b	2c	790.	
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	78,636.	
4 Recoveries of amounts treated as qualifying distributions	4	0.	
5 Add lines 3 and 4	5	78,636.	
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	78,636.	

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	129,409.
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	129,409.
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	790.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	128,619.

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				78,636.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006	21,488.			
c From 2007	89,009.			
d From 2008	87,254.			
e From 2009	22,927.			
f Total of lines 3a through e	220,678.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ \$ 129,409.				
a Applied to 2009, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions) **	129,409.			
d Applied to 2010 distributable amount				0.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)	78,636.			78,636.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	271,451.			
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 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	271,451.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007	31,861.			
c Excess from 2008	87,254.			
d Excess from 2009	22,927.			
e Excess from 2010	129,409.			

** SEE STATEMENT 8

Form 990-PF (2010)

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 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	Prior 3 years		
			(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 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).)

ESTHER M. STEARNS

- 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:

- 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><i>a Paid during the year</i> CALIFORNIA STATE UNIVERSITY SAN MARCOS, 333 S. TWIN OAKS VALLEY RD, SAN MARCOS, CA 92096</p>	NONE	SCHOOL	GENERAL	25,000.
<p>GOOD SAMARITAN EPISCOPAL CHURCH, 4321 EASTGATE MALL, SAN DIEGO, CA 92121</p>	NONE	CHURCH	GENERAL	35,000.
<p>THE CHILDREN'S SCHOOL, 2225 TORREY PINES LANE, LA JOLLA, CA 92037</p>	NONE	SCHOOL	GENERAL	65,750.
Total				▶ 3a 125,750.
b Approved for future payment				
NONE				
Total				▶ 3b 0.

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

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

OMB No 1545-0047

2010

Name of the organization

Employer identification number

THE STEARNS FOUNDATION**20-3936786**

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 foundationCheck 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).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

Name of organization

Employer identification number

THE STEARNS FOUNDATION

20-3936786

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	<p><u>THE COHN/STEARNS TRUST DTD 7/26/1997</u></p> <p><u>6902 THE PRESERVE TERRACE</u></p> <p><u>SAN DIEGO, CA 92130</u></p>	<p>\$ <u>400,000.</u></p>	<p>Person <input checked="" type="checkbox"/></p> <p>Payroll <input type="checkbox"/></p> <p>Noncash <input type="checkbox"/></p> <p>(Complete Part II if there is a noncash contribution)</p>
		<p>\$ _____</p>	<p>Person <input type="checkbox"/></p> <p>Payroll <input type="checkbox"/></p> <p>Noncash <input type="checkbox"/></p> <p>(Complete Part II if there is a noncash contribution)</p>
		<p>\$ _____</p>	<p>Person <input type="checkbox"/></p> <p>Payroll <input type="checkbox"/></p> <p>Noncash <input type="checkbox"/></p> <p>(Complete Part II if there is a noncash contribution.)</p>
		<p>\$ _____</p>	<p>Person <input type="checkbox"/></p> <p>Payroll <input type="checkbox"/></p> <p>Noncash <input type="checkbox"/></p> <p>(Complete Part II if there is a noncash contribution)</p>
		<p>\$ _____</p>	<p>Person <input type="checkbox"/></p> <p>Payroll <input type="checkbox"/></p> <p>Noncash <input type="checkbox"/></p> <p>(Complete Part II if there is a noncash contribution.)</p>
		<p>\$ _____</p>	<p>Person <input type="checkbox"/></p> <p>Payroll <input type="checkbox"/></p> <p>Noncash <input type="checkbox"/></p> <p>(Complete Part II if there is a noncash contribution)</p>

Name of organization

Employer identification number

THE STEARNS FOUNDATION

20-3936786

Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____

Name of organization

Employer identification number

THE STEARNS FOUNDATION

20-3936786

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

2010 Tax Information Statement

Payer's Name and Address:
 STATE STREET BANK & TRUST COMPANY
 WMS TAX DEPARTMENT
 PO BOX 5300
 BOSTON, MA 02206-5300

Account Number 4737606
Recipient's Tax ID Number 20-3936786
Payer's Federal ID Number 20-8007203
Questions? (800)392-9244
 Corrected 2nd TIN notice

Recipient's Name and Address:
 THE STEARNS FOUNDATION
 C/O ESTHER M STEARNS, PRESIDENT
 6902 THE PRESERVE TERRACE
 SAN DIEGO, CA 92130

2010 Form 1099-B: Proceeds from Broker and Barter Exchange Transactions

OMB No 1545-0715

Reported to the IRS are Gross Proceeds less commissions and option premiums

Number of shares	CUSIP	Description	Date Acquired	Date of Sale	Stocks Bonds, etc	Cost or other Basis	Net Gain or Loss	Federal Income Tax Withheld
<i>(Box 1b)</i>	<i>(Box 1b)</i>	<i>(Box 7)</i>	<i>(Box 1a)</i>	<i>(Box 1a)</i>	<i>(Box 2)</i>			<i>(Box 4)</i>
Short Term Sales Reported on 1099-B								
28003 4170	256210105	DODGE & COX INCOME FUND	VARIOUS	02/12/2010	365,164 57	363,599 24	1,565 33	0 00
5390 8360	693390700	PIMCO FDS TOTAL RETURN FD	VARIOUS	06/16/2010	59,999 99	59,439 55	560 44	0 00
4782 6090	693390700	PIMCO FDS TOTAL RETURN FD	VARIOUS	08/17/2010	55,000 01	52,482 99	2,517 02	0 00
90000 0000	912828KS8	US TSY NTS 2 625% 2/29/16	02/17/2010	09/27/2010	95,582 81	89,146 06	6,436 75	0 00
40000 0000	92817QKP6	VA ST RES AUTH 09A 3 68% 11/01/14	06/04/2009	06/03/2010	42,168 47	40,000 00	2,168 47	0 00
Total Short Term Sales Reported on 1099-B					617,915 85	604,667 84	13,248 01	0 00
Long Term 15% Sales Reported on 1099-B								
100000 0000	709223UZ2	PA ST TPK TXB 08-C4 5 5% 6/01/10	10/21/2008	06/01/2010	100,000 00	100,000 00	0 00	0 00
225000 0000	912828AP5	US TREAS NTS 4 000% 11/15/12	08/16/2007	01/29/2010	241,891 82	221,334 96	20,556 86	0 00
103000 0000	912828EQ9	US TREASURY NOTES 4 375% 12/15/10	07/01/2008	02/17/2010	106,443 72	107,088 16	-644 44	0 00
25000 0000	912828GS3	US TREASURY NOTES 4 5% 5/15/17	05/16/2007	08/17/2010	29,039 94	24,588 87	4,451 07	0 00
Total Long Term 15% Sales Reported on 1099-B					477,375 48	453,011.99	24,363.49	0 00

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

TEP-2008-44 (03/11/08)



FORM 990-PF. DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
STATE STREET BANK & TRUST - CAPITAL GAIN DISTRIBUTIONS	4,739.	4,739.	0.
STATE STREET BANK & TRUST - DIVIDENDS	20,853.	0.	20,853.
STATE STREET BANK & TRUST - INTEREST	35,068.	0.	35,068.
TOTAL TO FM 990-PF, PART I, LN 4	60,660.	4,739.	55,921.

FORM 990-PF ACCOUNTING FEES STATEMENT 2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	2,450.	245.		2,205.
BOOKKEEPING SERVICES	1,208.	121.		1,087.
TO FORM 990-PF, PG 1, LN 16B	3,658.	366.		3,292.

FORM 990-PF TAXES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL EXCISE TAX	4,416.	0.		0.
STATE TAX	10.	0.		10.
TO FORM 990-PF, PG 1, LN 18	4,426.	0.		10.

FORM 990-PF.	OTHER EXPENSES			STATEMENT 4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK FEES	945.	889.		0.
INVESTMENT MANAGEMENT FEES	8,600.	7,561.		0.
FILING FEES	328.	0.		328.
POSTAGE & DELIVERY	29.	0.		29.
TO FORM 990-PF, PG 1, LN 23	9,902.	8,450.		357.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS		STATEMENT 5	
DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
STATE STREET BANK & TRUST COMPANY	X		342,239.	352,283.
TOTAL U.S. GOVERNMENT OBLIGATIONS			342,239.	352,283.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			342,239.	352,283.

FORM 990-PF	CORPORATE BONDS		STATEMENT 6	
DESCRIPTION			BOOK VALUE	FAIR MARKET VALUE
STATE STREET BANK & TRUST COMPANY - CORPORATE BONDS			448,788.	466,536.
TOTAL TO FORM 990-PF, PART II, LINE 10C			448,788.	466,536.

FORM 990-PF. OTHER INVESTMENTS STATEMENT 7

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
STATE STREET BANK & TRUST COMPANY - OTHER FIXED INCOME	COST	485,069.	497,972.
TOTAL TO FORM 990-PF, PART II, LINE 13		485,069.	497,972.

FORM 990-PF.

ELECTION UNDER REGULATIONS SECTION
53.4942(A)-3(D)(2) TO TREAT
EXCESS QUALIFYING DISTRIBUTIONS
AS DISTRIBUTIONS OUT OF CORPUS

STATEMENT 8

PURSUANT TO IRC SEC. 4942(H)(2) AND REG. 53.4942(A)-3(D)(2), THE ABOVE
REFERENCED FOUNDATION HEREBY ELECTS TO TREAT CURRENT YEAR QUALIFYING
DISTRIBUTIONS IN EXCESS OF THE IMMEDIATELY PRECEDING TAX YEAR'S
UNDISTRIBUTED INCOME AS BEING MADE OUT OF CORPUS.

SIGNED:



ESTHER M. STEARNS, PRESIDENT

5/12/11

DATE