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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.

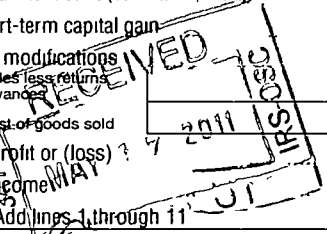
For calendar year 2010, or tax year beginning _____, and ending _____

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

Name of foundation THE KARNES MEMORIAL FUND BLUESTEM NAT'L BANK, TRUSTEE		A Employer identification number 37-6243213
Number and street (or P O box number if mail is not delivered to street address) 606 WEST OAK ST. P.O. BOX 288		B Telephone number (815) 692-2302
City or town, state, and ZIP code FAIRBURY, IL 61739		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) \$ 2,190,575.	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			N/A	
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	203.	203.		STATEMENT 1
	4 Dividends and interest from securities	22,477.	22,477.		STATEMENT 2
	5a Gross rents	105,375.	105,375.		STATEMENT 3
	b Net rental income or (loss) 64,659.				STATEMENT 4
	6a Net gain or (loss) from sale of assets not on line 10	2,222.			
	b Gross sales price for all assets on line 6a 25,516.				
	7 Capital gain net income (from Part IV, line 2)		2,222.		
	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	130,277.	130,277.		
	13 Compensation of officers, directors, trustees, etc	5,764.	0.		5,764.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees STMT 5	15,336.	133.		15,203.
	b Accounting fees STMT 6	1,710.	0.		1,710.
	c Other professional fees STMT 7	750.	0.		750.
	17 Interest				
	18 Taxes STMT 8	8,049.	5,818.		15.
	19 Depreciation and depletion	657.	657.		
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 9	34,241.	34,241.		0.
	24 Total operating and administrative expenses. Add lines 13 through 23	66,507.	40,849.		23,442.
	25 Contributions, gifts, grants paid	77,600.			77,600.
	26 Total expenses and disbursements. Add lines 24 and 25	144,107.	40,849.		101,042.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-13,830.			
	b Net investment income (if negative, enter -0-)		89,428.		
	c Adjusted net income (if negative, enter -0-)			N/A	

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Part II Balance Sheets <small>Attached schedules and amounts in the description column should be for end-of-year amounts only</small>		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	36,290.	42,526.	42,526.
	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			
	b Investments - corporate stock			
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment: basis ▶ 630,267. Less accumulated depreciation STMT 10 ▶ 8,752.	622,172.	621,515.	1,634,889.
	12 Investments - mortgage loans STMT 11	570,066.	550,207.	513,160.
	13 Investments - other			
14 Land, buildings, and equipment: basis ▶ Less accumulated depreciation ▶				
15 Other assets (describe ▶ _____)				
16 Total assets (to be completed by all filers)	1,228,528.	1,214,248.	2,190,575.	
Liabilities	17 Accounts payable and accrued expenses	450.		
	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)	450.	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	1,228,078.	1,214,248.	
30 Total net assets or fund balances	1,228,078.	1,214,248.		
31 Total liabilities and net assets/fund balances	1,228,528.	1,214,248.		

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)	1,228,078.
2 Enter amount from Part I, line 27a	-13,830.
3 Other increases not included in line 2 (itemize) ▶ _____	0.
4 Add lines 1, 2, and 3	1,214,248.
5 Decreases not included in line 2 (itemize) ▶ _____	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	1,214,248.

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Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a CAPITAL GAIN DISTRIUBTION - VANGUARD	P	VARIOUS	12/24/10
b 2314.815 SHS VANGAURD TOTAL BOND MARKET			
c INDEX	P	07/14/00	09/14/10
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 516.			516.
c 25,000.		23,294.	1,706.
d			
e			

(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	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			516.
b			
c			1,706.
d			
e			

2 Capital gain net income or (net capital loss)	2	2,222.
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	66,503.	2,109,588.	.031524
2008	73,101.	1,345,640.	.054324
2007	68,472.	1,414,890.	.048394
2006	60,090.	1,395,680.	.043054
2005	61,042.	1,388,025.	.043978

2 Total of line 1, column (d)	2	.221274
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	.044255
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	2,151,263.
5 Multiply line 4 by line 3	5	95,204.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	894.
7 Add lines 5 and 6	7	96,098.
8 Enter qualifying distributions from Part XII, line 4	8	101,042.

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.

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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	894.
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	894.
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	894.
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	1,440.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	1,440.
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	546.
11	Enter the amount of line 10 to be: Credited to 2011 estimated tax <input type="checkbox"/> 546. Refunded <input checked="" type="checkbox"/>	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
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		
1c		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"/> \$ 0. (2) On foundation managers. <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ 0.		
2		X
If "Yes," attach a detailed description of the activities.		
3		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		
4b		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5		X
If "Yes," attach the statement required by General Instruction T.		
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		
6	X	
7	X	
If "Yes," complete Part II, col. (c), and Part XV		
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> IL		
8b	X	
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		
9		X
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)? If "Yes," complete Part XIV		
10		X
Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		

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 entry 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 ► N/A	13	X	
14	The books are in care of ► THOMAS BRUCKER Telephone no. ► (815) 692-2302 Located at ► 606 WEST OAK, FAIRBURY, IL ZIP+4 ► 61739			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A			
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	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

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

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

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

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
THOMAS L. LADEAIROUS 101 W. CHESTNUT ST. FAIRBURY, IL 61739	TRUSTEE 5.00	0.	0.	0.
REV. KIM ERNST 801 NORTH FIRST STREET FAIRBURY, IL 61739	CHAIRMAN 5.00	0.	0.	0.
BLUESTEM NATIONAL BANK 104 E. LOCUST ST FAIRBURY, IL 61739	TRUSTEE 0.00	0.	0.	0.
LYNN METZ 1264 EAST 1900 NORTH ROAD ROBERTS, IL 60962	TRUSTEE 5.00	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

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

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

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

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

Part IX-A Summary of Direct Charitable Activities

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

1 SCHOLARSHIPS	Expenses
	77,600.
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.

1 NONE	Amount
	0.
2	
3 All other program-related investments. See instructions.	
Total. Add lines 1 through 3 ▶	0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	509,726.
b	Average of monthly cash balances	1b	39,408.
c	Fair market value of all other assets	1c	1,634,889.
d	Total (add lines 1a, b, and c)	1d	2,184,023.
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	2,184,023.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	32,760.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,151,263.
6	Minimum investment return. Enter 5% of line 5	6	107,563.

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	107,563.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	894.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	894.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	106,669.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	106,669.
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	106,669.

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	101,042.
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	101,042.
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	894.
6	Adjusted qualifying distributions Subtract line 5 from line 4	6	100,148.

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

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				106,669.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			100,876.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ \$ 101,042.				
a Applied to 2009, but not more than line 2a			100,876.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				166.
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))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 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				106,503.
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	0.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 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	(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).)

NONE

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

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**
 Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

SEE STATEMENT 12

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE ATTACHED SCHEDULE	NONE	N/A	SCHOLARSHIPS	77,600.
Total				▶ 3a 77,600.
b Approved for future payment NONE				
Total				▶ 3b 0.

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

SOURCE	AMOUNT
BLUESTEM NATIONAL BANK	83.
STEFFEN FARM ACCOUNT	120.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	203.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
BLUESTEM NATIONAL BANK	22,477.	0.	22,477.
TOTAL TO FM 990-PF, PART I, LN 4	22,477.	0.	22,477.

FORM 990-PF RENTAL INCOME STATEMENT 3

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
FARM	1	103,375.
RENTAL INCOME	2	2,000.
TOTAL TO FORM 990-PF, PART I, LINE 5A		105,375.

FORM 990-PF RENTAL EXPENSES STATEMENT 4

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
DEPRECIATION		657.	
FERTILIZER/LIME		7,153.	
SEED		3,648.	
MACHINE HIRE		663.	
STORAGE/WAREHOUSING		3,223.	
INSURANCE		1,257.	
PROPERTY TAXES		5,818.	
PAYMENT TO FARM TENANT		17,797.	

	- SUBTOTAL -	1		40,216.
RENT EXPENSE			500.	
	- SUBTOTAL -	2		500.
TOTAL RENTAL EXPENSES				40,716.
NET RENTAL INCOME TO FORM 990-PF, PART I, LINE 5B				64,659.

FORM 990-PF LEGAL FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	15,336.	133.		15,203.
TO FM 990-PF, PG 1, LN 16A	15,336.	133.		15,203.

FORM 990-PF ACCOUNTING FEES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PROFESSIONAL FEES	1,710.	0.		1,710.
TO FORM 990-PF, PG 1, LN 16B	1,710.	0.		1,710.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
APPRAISAL FEE	750.	0.		750.
TO FORM 990-PF, PG 1, LN 16C	750.	0.		750.

FORM 990-PF	TAXES			STATEMENT 8
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ILLINOIS FILING FEE	15.	0.		15.
FEDERAL EXCISE TAXES	2,216.	0.		0.
PROPERTY TAXES	5,818.	5,818.		0.
TO FORM 990-PF, PG 1, LN 18	8,049.	5,818.		15.

FORM 990-PF	OTHER EXPENSES			STATEMENT 9
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FERTILIZER/LIME	7,153.	7,153.		0.
SEED	3,648.	3,648.		0.
MACHINE HIRE	663.	663.		0.
STORAGE/WAREHOUSING	3,223.	3,223.		0.
INSURANCE	1,257.	1,257.		0.
PAYMENT TO FARM TENANT	17,797.	17,797.		0.
RENT EXPENSE	500.	500.		0.
TO FORM 990-PF, PG 1, LN 23	34,241.	34,241.		0.

FORM 990-PF	DEPRECIATION OF ASSETS HELD FOR INVESTMENT			STATEMENT 10
DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE	
NEW TILE	6,605.	5,548.	1,057.	
LAND	618,626.	0.	618,626.	
FULLY DEPRECIATED TILE	1,785.	1,785.	0.	
NEW TILE	1,650.	1,045.	605.	
NEW TILE	1,601.	374.	1,227.	
TOTAL TO FM 990-PF, PART II, LN 11	630,267.	8,752.	621,515.	

FORM 990-PF	OTHER INVESTMENTS	STATEMENT 11	
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS	COST	550,207.	513,160.
TOTAL TO FORM 990-PF, PART II, LINE 13		550,207.	513,160.

FORM 990-PF

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

STATEMENT 12

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

THE KARNES MEMORIAL FUND BOARD OF GOVERNORS
P.O. BOX 302
FAIRBURY, IL 61739

TELEPHONE NUMBER

815-692-2302

FORM AND CONTENT OF APPLICATIONS

GENERAL BACKGROUND, SCHOOL/COMMUNITY ACTIVITIES & PARENTS' FINANCIAL ANALYSIS MUST BE SUBMITTED

ANY SUBMISSION DEADLINES

MARCH 1

RESTRICTIONS AND LIMITATIONS ON AWARDS

MUST BE GRADUATE OF PRAIRIE CENTRAL COMM UNIT DIST #8, WHICH SERVES FAIRBURY, FORREST & CHATSWORTH, IL

PAID
12-16-10

2010-2011 High School Recipients

<u>Name and Address</u>	<u>August Check</u>	<u>December Check</u>
Kathryn E. Bahler Post Office Box 225 Fairbury, Illinois 61739	\$ 250.00 ✓	\$ 250.00 ✓ # 37516
Meghan E. Briscoe 101 Lakeview Drive Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37517
Colin J. Doran 220 West John Street Forrest, Illinois 61741	250.00 ✓	250.00 ✓ # 37518
Heidi J. Edelman 1494 North 2900 East Road Strawn, Illinois 61775	250.00 ✓	250.00 ✓ # 37519
Lori S. Fehr 20805 East 900 North Road Fairbury, Illinois 61739	325.00 ✓	325.00 ✓ # 37520
Molly M. Groce 514 Maple Street Chenoa, Illinois 61726	350.00 ✓	350.00 ✓ # 37521
Kourtney E. Haas 24029 East 1200 North Road Fairbury, Illinois 61739	325.00 ✓	325.00 ✓ # 37522
Paige M. Heiser 10649 North 2400 East Road Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37523
Gustav E. Johnson 310 South Green Street Chenoa, Illinois 61726	650.00 ✓	650.00 ✓ # 37524
Elizabeth M. Kinate 100 West Willow Street Fairbury, Illinois 61739	350.00 ✓	350.00 ✓ # 37525
Camden P. Krenz 617 McClellan Chenoa, Illinois 61726	250.00 ✓ <hr/> ① 4100	250.00 ✓ <hr/> ② 4100

Name and Address

August Check

December Check

Ashton E. Lanz
24978 East 200 North Road
Strawn, Illinois 61775

550.00 ✓

.00

Zachary E. Lawrence
103 West Amber Drive
Fairbury, Illinois 61739

350.00 ✓

350.00 ✓
37527

Rachel E. McCasky
29960 East 400 North Road
Strawn, Illinois 61775

200.00 ✓

200.00 ✓ # 37528

Mitchell S. McDonald
206 East Hickory Street
Fairbury, Illinois 61739

200.00 ✓

200.00 ✓ # 37529

Chase E. Mowery
719 East Locust Street
Fairbury, Illinois 61739

650.00 ✓

650.00 ✓ # 37530

Rebecca A. Nussbaum
307 East Hickory Street
Fairbury, Illinois 61739

550.00 ✓

550.00 ✓ # 37531

Jordan D. Pilgrim
5322 North 2040 East Road
Fairbury, Illinois 61739

650.00 ✓

650.00 ✓ # 37532

Abby L. Popejoy
51 Lakeview Drive
Fairbury, Illinois 61739

650.00 ✓

650.00 ✓ # 37533

Whitney M. Scurlock
210 North Clay Street
Fairbury, Illinois 61739

550.00 ✓

550.00 ✓ # 37534

Carlyn E. Seeman
10054 North 1300 East Road
Chenoa, Illinois 61726

200.00 ✓

200.00 ✓ # 37535

Kayla M. Slagel
4845 North 2700 East Road
Forrest, Illinois 61741

325.00 ✓

325.00 ✓ # 37536

① 4,875

② 4,325

Name and Address

August Check

December Check

Josh J. Smith
320 South Center Street
Forrest, Illinois 61741

350.00 ✓

350.00 ✓
37537

Austin D. Stephens
200 West Columbia
Fairbury, Illinois 61739

350.00 ✓

350.00 ✓
37538

Dylan M. Stork
33963 East 1200 North Road
Chatsworth, Illinois 60921

650.00 ✓

650.00 ✓
37539

Shannon M. Stork
30830 East 200 North Road
Strawn, Illinois 61775

325.00 ✓

325.00 ✓
37540

Kristin M. Trezise
32471 East 3200 North Road
Chenoa, Illinois 61726

350.00 ✓

350.00 ✓
37541

Lynette R. Waldbeser
5484 North 2100 East Road
Fairbury, Illinois 61739

650.00 ✓

.00

Nicole M. Wenger
6444 North 2400 East Road
Fairbury, Illinois 61739

800.00 ✓

800.00 ✓
37542

Calvin J. Wetzel
706 North First Street
Fairbury, Illinois 61739

350.00 ✓

350.00 ✓
37543

Joseph C. Whitman
35671 East 1000 North Road
Chatsworth, Illinois 60921

250.00 ✓

250.00 ✓
37544

Micah J. Zehr
3617 North 2300 East Road
Fairbury, Illinois 61739

650.00 ✓

.00

Joel M. Zimmerman
9673 North 2200 East Road
Fairbury, Illinois 61739

250.00 ✓
① 4975

250.00 ✓
② 3675 # 37545

Total

Σ_① = \$13,950.00

Σ_② = \$12,100.00
↑
New

PAID
12/6/10

2010-2011 College Recipients

Name and Address

August Check

December Check

Loren Anliker
220 West James Street
Forrest, Illinois 61741

300.00 ✓

300.00 ✓ CK # 37546
[Signature]

Nile Bane
402 East Hickory Street
Fairbury, Illinois 61739

550.00 ✓

550.00 ✓
CK # 37547

Rebecca Bane
402 East Hickory Street
Fairbury, Illinois 61739

550.00 ✓

550.00 ✓ CK # 37548

Shannon Brucker
7961 North 3000 East Road
Chatsworth, Illinois 60921

800.00 ✓

800.00 ✓ CK # 37549

Shaylee A. Busch
11349 North 2300 East Road
Fairbury, Illinois 61739

300.00 ✓

300.00 ✓ # 37550

Shainne L. Busch
11349 North 2300 East Road
Fairbury, Illinois 61739

550.00 ✓

550.00 ✓ # 37551

Sarah E. Dawson
9514 North 1700 East Road
Chenoa, Illinois 61726

550.00 ✓

550.00 ✓ # 37552

Kristin L. DeFries
41590 East 2100 North Road
Cropsey, Illinois 61731

550.00 ✓

550.00 ✓ # 37553

Matthew R. Dever
806 North Jackson Street
Fairbury, Illinois 61739

550.00 ✓

550.00 ✓ # 37554

Meghan L. Dever
806 North Jackson Street
Fairbury, Illinois 61739

550.00 ✓

550.00 ✓ # 37555

③ 52.50

④ 52.50

<u>Name and Address</u>	<u>August Check</u>	<u>December Check</u>
Alexander L. Diller 213 East Sycamore Chatsworth, Illinois 60921	550.00 ✓	550.00 ✓ # 37556
Kristin L. Diller 514 North Fourth Street Chatsworth, Illinois 60921	550.00 ✓	550.00 ✓ # 37557
Jenna K. Dotterer 23812 East 1000 North Road Fairbury, Illinois 61739	600.00 ✓	600.00 ✓ # 37558
Megan E. Faulkner 328 Pickett Chenoa, Illinois 61726	650.00 ✓	650.00 ✓ # 37559
Paul W. Freehill 421 Davis Street Chenoa, Illinois 61726	550.00 ✓	550.00 ✓ # 37560
Kayla A. Froelich 703 Judith Terrace, PO Box 48 Forrest, Illinois 61741	550.00 ✓	550.00 ✓ # 37561
Beckah I. Gerber 111 West Oak Street Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37562
Stephen P. Hermes 204 East Locust Street Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37563
Andrei Y. Hetman 321 Weir Street Chenoa, Illinois 61726	550.00 ✓	550.00 ✓ # 37564
James M. Hildensperger 209 East Oak Street Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37565
Payton A. Hobart 603 North 6 th Street Chatsworth, Illinois 60921	550.00 ✓ ③ 6200	550.00 ✓ # 37566 ④ 6200

<u>Name and Address</u>	<u>August Check</u>	<u>December Check</u>
Ryan J. Ifft 105 West Amber Drive Fairbury, Illinois 61739	300.00 ✓	300.00 ✓ # 37567
Mallory C. Livezey 100 Florence Avenue Chenoa, Illinois 61726	300.00 ✓	300.00 ✓ # 37568
Lauren B. Marshall 3630 North 2300 East Road Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37569
Ryan A. Marshall 3630 North 2300 East Road Fairbury, Illinois 61739	800.00 ✓	800.00 ✓ # 37570
Amber D. McReynolds 406 West Elm Street Fairbury, Illinois 61739	650.00 ✓	650.00 ✓ # 37571
Daniel L. Maurer 317 West John Street Forrest, Illinois 61741	550.00 ✓	550.00 ✓ # 37572
Casey A. Nussbaum 21373 East 500 North Road Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37573
Raya J. Nussbaum 605 North Second Street Fairbury, Illinois 61739	300.00 ✓	300.00 ✓ # 37574
Nicole C. Oelschlager 39 Lakeview Drive Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37575
Whitney J. Oelschaleger 39 Lakeview Drive Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37576
Tyler W. Popejoy 51 Lakeview Drive Fairbury, Illinois 61739	550.00 ✓ ③ <u>5650</u>	550.00 ✓ # 37577 ④ <u>5650</u>

<u>Name and Address</u>	<u>August Check</u>	<u>December Check</u>
Rebecca A. Sass 19116 Parkwest Normal, Illinois 61761	550.00 ✓	550.00 ✓ # 37578
Aaron P. Schaffer 11225 North 1800 East Road Fairbury, Illinois 61739	300.00 ✓	300.00 ✓ # 37579
Kelcey E. Shafer 534 South Fifth Street Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37580
Jaleese M. Sipe 107 Division Chenoa, Illinois 61726	600.00 ✓	600.00 ✓ # 37581
Emalee J Slagel 13113 North 2500 East Road Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37582
Amy E. Steidinger 5 Kristina Drive Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37583
Eric A. Steidinger 28539 East 900 North Road Forrest, Illinois 61741	600.00 ✓	600.00 ✓ # 37584
Sarah L. Steidinger 5 Kristina Drive Fairbury, Illinois 61739	550.00 ✓	00
Alyssa J. Surber 501 West Hickory Street Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37585
Lexi A. Surber 510 West Hickory Street Fairbury, Illinois 61739	800.00 ✓	800.00 ✓ # 37586
Lee T. Waldbeser 5484 North 2100 East Road Fairbury, Illinois 61739	300.00 ✓ <hr/> ③ 5,900	300.00 ✓ # 37587 <hr/> ④ 5,350

<u>Name and Address</u>	<u>August Check</u>	<u>December Check</u>
Dylan T. Webster 801 East Oak Street Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37588
Emily D. Wenger 25874 East 200 North Road Strawn, Illinois 61775	300.00 ✓	300.00 ✓ # 37589
Amy M. Williams 537 South Fourth Street Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37590
Laura E. Zehr 3617 North 2300 East Road Fairbury, Illinois 61739	550.00 ✓	550.00 ✓ # 37591
Reid L. Zehr 3283 North 2300 East Road Fairbury, Illinois 61739	800.00 ✓	800.00 ✓ # 37592
Tess B. Zehr 3283 North 2300 East Road Fairbury, Illinois 61739	300.00 ✓ ③ 3,050	300.00 ✓ # 37593 ④ 3,050

Σ③ = \$26,050.00

Σ④ = \$25,500.00

$$\Sigma_{①} = 13,950$$

$$\Sigma_{②} = 12,100$$

$$\Sigma_{③} = 26,050$$

$$\Sigma_{④} = 25,500$$

\$77,600 Total Contributions