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

OMB No 1545 0052

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 2010, 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 <b>Betty &amp; James K. Stone Foundation</b>		A Employer identification number <b>57-0958629</b>
Number and street (or P.O. box number if mail is not delivered to street address) <b>P.O. Box 219</b>		B Telephone number (see the instructions) <b>(864) 439-9788</b>
City or town <b>Wellford</b>		C If exemption application is pending, check here <input type="checkbox"/>
State ZIP code <b>SC 29385</b>		D 1 Foreign organizations, check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation		D 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, column (c), line 16) <b>\$ 1,763,548.</b>	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	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 (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see 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 (att sch)				
	2 Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	13.	13.		
	4 Dividends and interest from securities	24,771.	24,771.		
	5a Gross rents				
	b Net rental income or (loss)		L-6a Stmt		
	6a Net gain/(loss) from sale of assets not on line 10	9,546.			
	b Gross sales price for all assets on line 6a	105,011.			
	7 Capital gain net income (from Part IV, line 2)		9,546.		
	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/(loss) (att sch)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	34,330.	34,330.			
ADMINISTRATIVE AND OPERATING EXPENSES	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach sch) L-16b Stmt	4,857.	2,429.		2,428.
	c Other prof fees (attach sch) L-16c Stmt	10,000.	5,000.		5,000.
	17 Interest				
	18 Taxes (attach schedule)(see instr) See Line 18 Stmt	734.	734.		0.
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	Processing Fee	5.	3.		2.
	24 Total operating and administrative expenses. Add lines 13 through 23	15,596.	8,166.		7,430.
25 Contributions, gifts, grants paid	46,380.			46,380.	
26 Total expenses and disbursements. Add lines 24 and 25	61,976.	8,166.		53,810.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-27,646.				
b Net investment income (if negative, enter -0-)		26,164.			
c Adjusted net income (if negative, enter -0-)					

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Part II Balance Sheets		Beginning of year (a) Book Value	End of year	
			(b) Book Value	(c) Fair Market Value
ASSETS	1 Cash — non-interest-bearing			
	2 Savings and temporary cash investments	151,782.	101,084.	101,084.
	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 the instructions)			
	7 Other notes and loans receivable (attach sch)			
	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 (attach schedule)			
	b Investments — corporate stock (attach schedule) L-10b Stmt	865,137.	888,190.	1,662,464.
	c Investments — corporate bonds (attach schedule)			
	11 Investments — land, buildings, and equipment: basis			
LIABILITIES	Less: accumulated depreciation (attach schedule)			
	12 Investments — mortgage loans			
	13 Investments — other (attach schedule)			
	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 instructions. Also, see page 1, item I)	1,016,919.	989,274.	1,763,548.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
FUND ASSETS	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe)			
	23 Total liabilities (add lines 17 through 22)			
	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
BALANCES	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	707,476.	707,476.	
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	309,443.	281,798.	
	30 Total net assets or fund balances (see the instructions)	1,016,919.	989,274.	
	31 Total liabilities and net assets/fund balances (see the instructions)	1,016,919.	989,274.	

## 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	1,016,919.
2 Enter amount from Part I, line 27a	2	-27,646.
3 Other increases not included in line 2 (itemize)	3	
4 Add lines 1, 2, and 3	4	989,273.
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	989,273.

**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 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a Calls: Apple Computer		P	various	various
b Capital Gain Distributions		P	various	various
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 104,508.	0.	95,465.	9,043.
b 503.	0.	0.	503.
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(j) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a 0.	0.	0.	9,043.
b 0.	0.	0.	503.
c			
d			
e			

2 Capital gain net income or (net capital loss).	<div> <div>If gain, also enter in Part I, line 7</div> <div>If (loss), enter -0- in Part I, line 7</div> </div>	2	9,546.
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 the instructions). If (loss), enter -0- in Part I, line 8		3	

**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 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 (column (b) divided by column (c))
2009	11,795.	1,271,500.	0.009276
2008	6,955.	1,402,701.	0.004958
2007	6,383.	1,454,572.	0.004388
2006	4,752.	1,224,917.	0.003879
2005	4,993.	1,056,249.	0.004727

2 Total of line 1, column (d)	2	0.027228
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	0.005446
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	1,583,066.
5 Multiply line 4 by line 3	5	8,621.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	262.
7 Add lines 5 and 6	7	8,883.
8 Enter qualifying distributions from Part XII, line 4	8	53,810.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 — see the instructions)**

1 a 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 instr.)			
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	262.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (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	262.
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	262.
6 Credits/Payments:			
a 2010 estimated tax pmts and 2009 overpayment credited to 2010	6a		
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		
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	262.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	0.	
11 Enter the amount of line 10 to be: Credited to 2011 estimated tax <input type="checkbox"/> 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 the instructions for definition)?		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.		
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?		X
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, column (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see the instructions)		
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)? 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	

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**Part VII-A Statements Regarding Activities (Continued)**

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address <u>N/A</u>	13	X	
14	The books are in care of <u>Eliot Stone</u> Telephone no. <u>(864) 439-9788</u> Located at <u>125 Office Street</u> <u>Wellford</u> <u>SC</u> ZIP + 4 <u>29385</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>			
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
See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country <u></u>				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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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 <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
b	Are there any years listed in 2a for which the foundation is <b>not</b> 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 the instructions.)	2b	X
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
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.)	3b	X
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

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

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

5b

X

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).

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?

6b

X

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

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

☐ Yes ☒ No

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

7b

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

1 List all officers, directors, trustees, foundation managers and their compensation (see 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
George E. Stone P.O. Box 219 Wellford SC 29385	Trustee 8.00	0.	0.	0.
Eliot Stone P.O. Box 219 Wellford SC 29385	Trustee 4.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1— see 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				
0				
0				
0				
0				

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

☐

None

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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 (see 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
<b>1</b> NOT APPLICABLE	
	0.
<b>2</b>	
<b>3</b>	
<b>4</b>	

**Part IX-B Summary of Program-Related Investments (see instructions)**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
<b>1</b> NOT APPLICABLE	
	0.
<b>2</b>	
All other program-related investments. See instructions.	
<b>3</b>	
Total. Add lines 1 through 3	None

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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	1,466,447.
b Average of monthly cash balances	1b	140,727.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	1,607,174.
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	
3 Subtract line 2 from line 1d	3	1,607,174.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	24,108.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,583,066.
6 Minimum investment return. Enter 5% of line 5	6	79,153.

**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	79,153.
2a Tax on investment income for 2010 from Part VI, line 5	2a	262.
b Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	262.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	78,891.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	78,891.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	78,891.

**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	53,810.
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	53,810.
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 instructions)	5	262.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	53,548.

**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
<b>1</b> Distributable amount for 2010 from Part XI, line 7				78,891.
<b>2</b> Undistributed income, if any, as of the end of 2010:				
<b>a</b> Enter amount for 2009 only			63,077.	
<b>b</b> Total for prior years: 20__, 20__, 20__				
<b>3</b> Excess distributions carryover, if any, to 2010:				
<b>a</b> From 2005	5,108.			
<b>b</b> From 2006	4,948.			
<b>c</b> From 2007	6,582.			
<b>d</b> From 2008	7,862.			
<b>e</b> From 2009	12,293.			
<b>f</b> Total of lines 3a through e	36,793.			
<b>4</b> Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 53,810.				
<b>a</b> Applied to 2009, but not more than line 2a				
<b>b</b> Applied to undistributed income of prior years (Election required — see instructions)				
<b>c</b> Treated as distributions out of corpus (Election required — see instructions)				
<b>d</b> Applied to 2010 distributable amount				53,810.
<b>e</b> Remaining amount distributed out of corpus	0.			
<b>5</b> Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)				
<b>6</b> Enter the net total of each column as indicated below:				
<b>a</b> Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	36,793.			
<b>b</b> Prior years' undistributed income. Subtract line 4b from line 2b		0.		
<b>c</b> 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				
<b>d</b> Subtract line 6c from line 6b. Taxable amount — see instructions		0.		
<b>e</b> Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount — see instructions			63,077.	
<b>f</b> Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				25,081.
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
<b>8</b> Excess distributions carryover from 2005 not applied on line 5 or line 7 (see instructions)	5,108.			
<b>9</b> Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	31,685.			
<b>10</b> Analysis of line 9:				
<b>a</b> Excess from 2006	4,948.			
<b>b</b> Excess from 2007	6,582.			
<b>c</b> Excess from 2008	7,862.			
<b>d</b> Excess from 2009	12,293.			
<b>e</b> Excess from 2010	0.			

**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 <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)					
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	Tax year	Prior 3 years			(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
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 organization had \$5,000 or more in assets at any time during the year — see 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).)

NOT APPLICABLE

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.

NOT APPLICABLE

**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:

NOT APPLICABLE

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

NOT APPLICABLE

c Any submission deadlines:

NOT APPLICABLE

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

NOT APPLICABLE

**Part XV** Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i>				
Spartanburg Day School 1701 Skylyn Drive Spartanburg SC 29307		501 (C) 3	General Support	24,000.
Spartanburg Methodist College 1000 Powell Mill Road Spartanburg SC 29301		501 (C) 3	Education	380.
Church of the Advent 141 Advent Street Spartanburg SC 29302		501 (C) 3	General Support	22,000.
<b>Total</b>			<b>3a</b>	<b>46,380.</b>
<i>b Approved for future payment</i>				
<b>Total</b>			<b>3b</b>	





**Form 990-PF  
Part I, Line 6a**

**Net Gain or Loss From Sale of Assets**

**2009**

Name * <b>Betty &amp; James K. Stone Foundation</b>	Employer identification Number <b>57-0958629</b>
--------------------------------------------------------	-----------------------------------------------------

**Asset Information:**

Description of Property: <u>Calls: Apple Computer</u>	
Date Acquired: <u>various</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>various</u>	Name of Buyer: ..
Sales Price: <u>104,508.</u>	Cost or other basis (do not reduce by depreciation) <u>95,465.</u>
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>9,043.</u>	Accumulation Depreciation: _____

  

Description of Property: <u>Capital Gains Distributions</u>	
Date Acquired: <u>various</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>various</u>	Name of Buyer: ..
Sales Price: <u>503.</u>	Cost or other basis (do not reduce by depreciation) <u>0.</u>
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>503.</u>	Accumulation Depreciation: _____

  

Description of Property: _____	
Date Acquired: _____	How Acquired: _____
Date Sold: _____	Name of Buyer: ..
Sales Price: _____	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): _____	Accumulation Depreciation: _____

  

Description of Property: _____	
Date Acquired: _____	How Acquired: _____
Date Sold: _____	Name of Buyer: ..
Sales Price: _____	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): _____	Accumulation Depreciation: _____

  

Description of Property: _____	
Date Acquired: _____	How Acquired: _____
Date Sold: _____	Name of Buyer: ..
Sales Price: _____	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): _____	Accumulation Depreciation: _____

  

Description of Property: _____	
Date Acquired: _____	How Acquired: _____
Date Sold: _____	Name of Buyer: ..
Sales Price: _____	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): _____	Accumulation Depreciation: _____

  

Description of Property: _____	
Date Acquired: _____	How Acquired: _____
Date Sold: _____	Name of Buyer: ..
Sales Price: _____	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): _____	Accumulation Depreciation: _____

  

Description of Property: _____	
Date Acquired: _____	How Acquired: _____
Date Sold: _____	Name of Buyer: ..
Sales Price: _____	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): _____	Accumulation Depreciation: _____

Form 990-PF, Page 1, Part I, Line 18

**Line 18 Stmt**

Taxes (see the instructions)	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
Federal Taxes	498.	498.		0.
Foreign Taxes	236.	236.		0.
Total	<u>734.</u>	<u>734.</u>		<u>0.</u>

Form 990-PF, Page 1, Part I

**Line 16b - Accounting Fees**

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Bobby J. Willis	Accounting/Tax Prepar	4,857.	2,429.		2,428.
Total		<u>4,857.</u>	<u>2,429.</u>		<u>2,428.</u>

Form 990-PF, Page 1, Part I

**Line 16c - Other Professional Fees**

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Jackson Management,	Management Fee	10,000.	5,000.		5,000.
Total		<u>10,000.</u>	<u>5,000.</u>		<u>5,000.</u>

Form 990-PF, Page 2, Part II, Line 10b

**L-10b Stmt**

Line 10b - Investments - Corporate Stock:	End of Year	
	Book Value	Fair Market Value
See Attached Statement for Detail	888,190.	1,662,464.
Total	<u>888,190.</u>	<u>1,662,464.</u>



BETTY & JAMES K. STONE FOUNDATION

EIN: 57-0958629

FORM 990PF, PART I - LINE 4 - DIVIDENDS & INTEREST

2010

DESCRIPTION	DIVIDENDS
1. 3M COMPANY -	2,100
2. ALTRIA GROUP INC. -	1,420
3. AT&T INC. -	3,360
4. COUSINS PROPERTIES -	149
5. C. R. BARD INC. -	700
6. DUKE ENERGY -	970
7. EXXON MOBILE CORP -	1,740
8. GENERAL ELECTRIC	420
9. GOLDCORP INC -	0
10. GOLDMAN SACKS -	350
11. HALLIBURTON -	360
12. JP MORGAN -	2
13. KRAFT FOODS -	803
14. NORTHROP GRUMMAN CORP -	1,840
15. NYSE EURONEXT -	240
16. OCCIDENTAL PETROLEUM -	2,840
17. PEPSICO INC -	1,860
18. PFIZER -	1,074
19. PHILLIP MORRIS -	2,380
20. REGIONS FINANCIAL -	40
21. SANOFI AVENTIS -	1,465
22. TOYOTA MOTOR CORP -	258
23. UST INC. -	0
24. WELLS FARGO & CO -	400
25. WYETH -	0
TOTAL ORDINARY DIVIDENDS -	24,771
TOTAL QUALIFIED DIVIDENDS -	24,620

## FORM 990PF, PART II - LINE 10b - CORPORATE STOCKS

2010

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
1. 3M COMPANY	37,932	37,932	86,300
2. ALTRIA GROUP INC.	23,937	23,937	24,620
3. APPLE COMPUTER INC -	71,830	71,830	645,120
4. AT&T -	60,591	60,591	58,760
5. C. R. BARD INC.	69,084	69,084	91,770
6. CISCO SYSTEMS -	28,758	28,758	20,230
7. COUSINS PROP. -	18,008	18,413	13,351
8. DUKE ENERGY -	20,798	20,798	17,810
9. EXXON MOBILE -	38,059	38,059	73,120
10. FORD MOTOR -	0	22,648	13,580
10. GENERAL ELECTRIC -	28,598	28,598	18,290
12. GOLDMAN SACHS GROUP -	50,423	50,423	42,040
13. HALLIBURTON -	28,308	28,308	40,830
14. KRAFT FOODS -	0	0	21,805
15. INTERMEC INC. -	24,858	24,858	12,660
16. NORTHROP GRUMMAN CORP -	54,030	54,030	64,780
17. NYSE EURONEXT -	21,718	21,718	5,996
18. OCCIDENTAL PETROLEUM -	48,365	48,365	196,200
19. PEPSICO -	53,915	53,915	65,330
20. PFIZER -	24,110	24,110	26,124
21. PHILIP MORRIS -	0	0	58,530
22. REGIONS FINANCIAL -	29,878	29,878	7,000
23. SANOFI AVENTIS	43,803	43,803	32,230
25. TOYOTA MOTOR CORP -	29,930	29,930	19,658
28. WELLS FARGO & CO -	58,204	58,204	61,980
30. CALL: APPLE COMPUTER -	0		(75,650)
TOTALS -	865,137	888,190	1,642,464

STATEMENT 1:  
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BETTY &amp; JAMES K. STONE FOUNDATION

EID: 57-0958629  
YEAR 2010

FORM 990 PF: PART X: MINIMUM INVESTMENT RETURN:

MONTH	SECURITIES	CASH	OTHER	TOTAL
JAN., 2010	1,339,818	131,812	0	1,471,630
FEB., 2010	1,373,532	141,766	0	1,515,299
MAR., 2010	1,473,683	143,452	0	1,617,135
APR., 2010	1,513,108	142,473	0	1,655,582
MAY, 2010	1,419,882	142,987	0	1,562,869
JUNE, 2010	1,369,368	147,054	0	1,516,422
JULY, 2010	1,437,453	148,682	0	1,586,135
AUG., 2010	1,380,552	149,703	0	1,530,255
SEPT., 2010	1,503,496	146,485	0	1,649,981
OCT., 2010	1,547,887	146,098	0	1,693,985
NOV., 2010	1,576,119	147,121	0	1,723,240
DEC., 2010	1,662,464	101,085	0	1,763,549
AVERAGE -	1,466,447	140,727	0	1,607,174

FORM 990PP PART I - LINE 6A & LINE 6B - NET GAIN OR (LOSS) FROM SALE OF ASSETS

DESCRIPTION	HOW ACQUIRED	DATE ACQUIRED	DATE SOLD	SALES PRICE	BASIS	TO WHOM SOLD	DEPRECIATION	GAIN/LOSS	CHANGES IN BOOK VALUES	
									BEGINNING	ENDING
1. BOUGHT 2,000 SHARES OF FORD MOTOR	PURCHASED	01/06/10	NA	NA	0	PUBLICLY TRADED SECURITY	0	0	0	22,648
2. BOUGHT 101 SHS OF COUSINS PROPERTIES	PURCHASED	VARIOUS	NA	NA	0	PUBLICLY TRADED SECURITY	0	0	18,008	18,413
3. CALLS: APPLE COMPUTER	PURCHASED	VARIOUS	VARIOUS	104,508	95,465	PUBLICLY TRADED SECURITY	0	9,043	(5,700)	(75,650)
4. CAPITAL DISTRIBUTIONS	PURCHASED	VARIOUS	VARIOUS	503	0	PUBLICLY TRADED SECURITY	0	503	0	0
5.							0	0	0	0
6.							0	0	0	0
7.							0	0	0	0
8.							0	0	0	0
9.							0	0	0	0
10.							0	0	0	0
11.										
12.										
13.										
14.										
15.										
16.										
17.										
18.										
19.										
20.										
22.										
23.										
				105,011	95,465			9,546		(46,897)