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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.

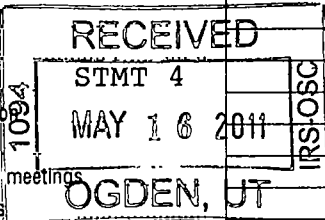
For calendar year 2010, or tax year beginning , and ending

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 HCE FOUNDATION, INC.		A Employer identification number 68-0405005
Number and street (or P.O. box number if mail is not delivered to street address) P.O. BOX 692352	Room/suite	B Telephone number (209) 477-6029
City or town, state, and ZIP code STOCKTON, CA 95269		C If exemption application is pending, check here ☐
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 1,300,462.	J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
(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 ☐

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))		(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 ☒ if the foundation is not required to attach Sch. B					
3 Interest on savings and temporary cash investments		8,704.	8,704.		STATEMENT 1
4 Dividends and interest from securities		26,784.	26,784.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)		<17,843.>			
6a Net gain or (loss) from sale of assets not on line 10					
b Gross sales price for all assets on line 6a 203,938.			0.		
7 Capital gain net income (from Part IV, line 2)					
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		17,645.	35,488.		
13 Compensation of officers, directors, trustees, etc		2,050.	0.		2,050.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees		STMT 3 3,450.	3,450.		0.
c Other professional fees					
17 Interest					
18 Taxes		10.	10.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses		STMT 5 11,478.	8,839.		2,639.
24 Total operating and administrative expenses. Add lines 13 through 23		16,988.	12,299.		4,689.
25 Contributions, gifts, grants paid		46,500.			46,500.
26 Total expenses and disbursements. Add lines 24 and 25		63,488.	12,299.		51,189.
27 Subtract line 26 from line 12		<45,843.>			
a Excess of revenue over expenses and disbursements			23,189.		
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)				N/A	



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	20,208.	47,648.	47,648.
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 STMT 6	684,287.	648,422.	835,287.
c	Investments - corporate bonds STMT 7	431,237.	393,819.	417,527.
11	Investments - land, buildings, and equipment basis ▶			
	Less: accumulated depreciation ▶			
12	Investments - mortgage loans			
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)	1,135,732.	1,089,889.	1,300,462.

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

24	Foundations that follow SFAS 117, check here ▶ ☐			
	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 ▶ ☒			
	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	1,596,962.	1,596,962.	
29	Retained earnings, accumulated income, endowment, or other funds	<461,230.>	<507,073.>	
30	Total net assets or fund balances	1,135,732.	1,089,889.	
31	Total liabilities and net assets/fund balances	1,135,732.	1,089,889.	

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	1,135,732.
2	Enter amount from Part I, line 27a	2	<45,843.>
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	1,089,889.
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	1,089,889.

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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 BANK OF STOCKTON - SEE ATTACHED	P	VARIOUS	VARIOUS
b BASIS ADJUSTMENT	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 198,147.		216,069.	<17,922.>
b 4,575.		5,712.	<1,137.>
c 1,216.			1,216.
d			
e			

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			<17,922.>
b			<1,137.>
c			1,216.
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	<17,843.>
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	72,913.	1,128,588.	.064606
2008	87,295.	1,448,603.	.060262
2007	91,378.	1,838,840.	.049693
2006	73,635.	1,720,796.	.042791
2005	74,585.	1,603,155.	.046524

2 Total of line 1, column (d)	2	.263876
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	.052775
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	1,221,566.
5 Multiply line 4 by line 3	5	64,468.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	232.
7 Add lines 5 and 6	7	64,700.
8 Enter qualifying distributions from Part XII, line 4	8	51,189.

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary-see instructions)	1	464.
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)	2	0.
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	3	464.
3	Add lines 1 and 2	4	0.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	5	464.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		
6	Credits/Payments		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	169.
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	169.
8	Enter any penalty for underpayment of estimated tax. Check here ☐ 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	295.
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be credited to 2011 estimated tax ☐ Refunded ☐	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
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		X
1c Did the foundation file Form 1120-POL for this year?		X
2 Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ☐ \$ 0. (2) On foundation managers ☐ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ☐ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
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, col. (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ☐ CA		
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

N/A

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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>BERNICE WAHLER</u> Telephone no ► <u>(209) 477-6029</u> Located at ► <u>8233 SAN PABLO WAY, STOCKTON, CA</u> ZIP+4 ► <u>95209</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 ► 15 <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? ☐ Yes ☒ No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☒ 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? 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? ☐ Yes ☒ 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

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

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A

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?

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

☐ Yes ☒ No

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

N/A

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

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
SEE STATEMENT 8		2,050.	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 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	1,199,917.
b	Average of monthly cash balances	1b	40,252.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	1,240,169.
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	1,240,169.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	18,603.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,221,566.
6	Minimum investment return. Enter 5% of line 5	6	61,078.

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	61,078.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	464.
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	464.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	60,614.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	60,614.
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	60,614.

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	51,189.
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	51,189.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	51,189.

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				60,614.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			46,311.	
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 ▶ \$ 51,189.				
a Applied to 2009, but not more than line 2a			46,311.	
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	0.			4,878.
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				55,736.
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				

N/A

- ☐ 4942(1)(3) or ☐ 4942(1)(5)

- (4) Gross investment income**

[illegible]

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

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of		
	(1) Cash		X
	(2) Other assets		X
b	Other transactions		
	(1) Sales of assets to a noncharitable exempt organization		X
	(2) Purchases of assets from a noncharitable exempt organization		X
	(3) Rental of facilities, equipment, or other assets		X
	(4) Reimbursement arrangements		X
	(5) Loans or loan guarantees		X
	(6) Performance of services or membership or fundraising solicitations		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees		X
d	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[illegible]

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

☐ Yes ☒ No

b If "Yes," complete the following schedule

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

**Sign
Here**

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

Signature of officer or trustee

Date _____

Title

Print/Type preparer's name

Preparer's signature

Date

Check ☐ self-employed

PTIN

**Paid
Preparer
Use Only**

Firm's name

► BOWMAN & COMPANY, LLP
10100 TRINITY PARKWAY, STE 310

Firm's EIN ▶

Phone no

(209) 473-1040

Form **990-PF** (2010)

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

SOURCE	AMOUNT
BANK OF STOCKTON	8,704.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	8,704.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
BANK OF STOCKTON	28,000.	1,216.	26,784.
TOTAL TO FM 990-PF, PART I, LN 4	28,000.	1,216.	26,784.

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	3,450.	3,450.		0.
TO FORM 990-PF, PG 1, LN 16B	3,450.	3,450.		0.

FORM 990-PF TAXES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAXES & LICENSES	10.	10.		0.
TO FORM 990-PF, PG 1, LN 18	10.	10.		0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
POSTAGE	95.	0.		95.
MEETING EXPENSES	643.	0.		643.
INVESTMENT FEES	8,839.	8,839.		0.
INSURANCE	1,797.	0.		1,797.
OFFICE SUPPLIES	20.	0.		20.
MISCELLANEOUS EXPENSE	84.	0.		84.
TO FORM 990-PF, PG 1, LN 23	11,478.	8,839.		2,639.

FORM 990-PF	CORPORATE STOCK	STATEMENT	6
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
	648,422.	835,287.
TOTAL TO FORM 990-PF, PART II, LINE 10B	648,422.	835,287.

FORM 990-PF	CORPORATE BONDS	STATEMENT	7
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
	393,819.	417,527.
TOTAL TO FORM 990-PF, PART II, LINE 10C	393,819.	417,527.

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 8

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
ROBERT SALTER, M.D. 4260 PINEHURST CIRCLE STOCKTON, CA 95219	DIRECTOR 1.00	200.	0.	0.
CAROL NAKASHIMA, M.D. 999 S. FAIRMONT #200 LODI, CA 95240	DIRECTOR 1.00	250.	0.	0.
JOHN LANDIS P.O. BOX 166 PINEGROVE, CA 95665	DIRECTOR 1.00	300.	0.	0.
BERNICE WAHLER 8233 SAN PABLO STOCKTON, CA 95209	PRESIDENT 6.00	300.	0.	0.
PAUL WANDEL 3640 WOOD DUCK CIRCLE STOCKTON, CA 95207	DIRECTOR 1.00	250.	0.	0.
ELAINE MOROZUMI 4066 GLEN ABBY CIRCLE STOCKTON, CA 95219	DIRECTOR, SECRETARY 1.00	100.	0.	0.
JACKIE GROVE 3150 DARTMOUTH CT STOCKTON, CA 95207	DIRECTOR 1.00	250.	0.	0.
RON RISHWAIN 3739 BROOKSIDE ROAD STOCKTON, CA 95209	DIRECTOR 1.00	250.	0.	0.
JAMES PARKER 3544 SCHOONER DRIVE STOCKTON, CA 95219	DIRECTOR 1.00	150.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		2,050.	0.	0.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 9

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
AMERICAN CANCER SOCIETY, STOCKTON, CA 207 E. ALPINE AVENUE STOCKTON, CA 95204	NONE TRANSPORTATION FOR CANCER PATIENTS/TOBACCO PREVENTIO	PUBLIC CHARITY	7,000.
HEALTH FOR ALL, LODI, CA 125 SOUTH WASHINGTON STREET LODI, CA 95240	NONE PROVIDE MEDICAL HEALTH AND SOCIAL SERVICES TO LOW INCOME FAMILIES	PUBLIC CHARITY	3,500.
HOSPICE OF SAN JOAQUIN, STOCKTON, CA 3888 PACIFIC AVENUE STOCKTON, CA 95204	NONE SUPPORT FOR CHILDREN'S BEREAVEMENT PROGRAM AND DAY C	PUBLIC CHARITY	6,500.
AMERICAN RED CROSS, STOCKTON, CA 747 N. PERSHING AVENUE STOCKTON, CA 95203	NONE MATERIALS THAT ASSIST IN CPR TRAINING	PUBLIC CHARITY	4,000.
LODI MEMORIAL HOSPITAL SALVATION ARMY CLINIC, LODI, CA P.O. BOX 3004 LODI, CA 95241	NONE INCREASE CLINIC OPERATING HOURS	PUBLIC CHARITY	10,000.
ST. MARY'S INTERFAITH DINING ROOM, STOCKTON, CA 545 WEST SONORA STREET STOCKTON, CA 95203	NONE PURCHASE MEDICATION FOR THE VIRGIL GIANELLI MED. CLI	PUBLIC CHARITY	11,000.
Y.M.C.A, STOCKTON, CA 6135 TAM O'SHANTER DR STOCKTON, CA 95210	NONE FUNDING FOR CHEADLE FAMILY CENTER'S HEALTH FAIR	PUBLIC CHARITY	2,500.
LOEL CENTER & GARDENS, LODI CALIFORNIA 105 SOUTH WASHINGTON STREET LODI, CA 95240	NONE OFFERS FREE AND LOW COST PROGRAMS AND SERVICES TO SE	PUBLIC CHARITY	2,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			46,500.

HCE FOUNDATION**Account Number: 61-0009-01-1**
Statement Period: 01/01/10 - 12/31/10**Purchase Activity**

	Date	Cash
Wachovia Cap Trust III Pfd 5.800% Due 03/29/2049 Purchased 50000 09/07/10 From Stone and Youngberg @ 86.5	09/13/10	-43,250.00
Total Purchases		\$ -355,001.51

Sale Activity

	Date	Proceeds	Realized Gain/Loss
Bed Bath and Beyond Sold 200 Shs 06/24/10 To Capital Institutional Services @ 39.195	06/29/10	7,818.87	298.87
Blackrock Inc Sold 40 Shs 06/24/10 To Capital Institutional Services @ 154.58	06/29/10	6,179.10	-3,174.10
Brocade Comm Systems Sold 1100 Shs 09/22/10 To Capital Institutional Services @ 5.61	09/27/10	6,060.90	-2,937.10
Frontier Communications Sold .925 Shs 07/28/10 To Capital Institutional Services @ 7.77	08/02/10	7.09	-7.10
Goldman Sachs Sht Dur Gov-In 447 Sold 4924.808 Shs 09/08/10 @ 10.4	09/09/10	51,218.00	1,391.95
HSBC Holdings PLC Ads Cash In Lieu of Fractional Shares	01/26/10	44.56	-2.24
Harbor International Fund Sold 1169.416 Shs 06/07/10 @ 46.69	06/08/10	54,600.00	-16,650.84

HCE FOUNDATION

Account Number: 61-0009-01-1
Statement Period: 01/01/10 - 12/31/10

Sale Activity

	Date	Proceeds	Realized Gain/Loss
Hewlett Packard Co Sold 100 Shs 09/22/10 To Capital Institutional Services @ 39.69	09/27/10	3,958.93	1,933.36
Ishares MSCI EAFE Small Cap Index Sold 570 Shs 06/07/10 To Capital Institutional Services @ 32.1343	06/10/10	18,259.24	551.14
Federated Prime Obligations #10 Sales (24) 01/01/10 To 12/31/10	12/31/10	182,934.63 ✕	
Royal Kpn NV 8.000% Due 10/01/2010 Recd Proceeds on Maturity of 50,000 Par Value	10/01/10	50,000.00	674.00
Total Sales		\$ 381,081.32 ✕ 182,934.63 <u>198,146.69</u>	\$ -17,922.06

Non-Cash Activity

	Date	Cost	
Express Scripts Inc-Class A Shares Recd 62 Shs As A 1.000 Stock Split on 62 Shs	06/09/10		0.00
Frontier Communications Acquisition of Shs @ .239253488 Per Verizon Sh H	07/07/10	366.90	381,081.32 - 182,934.63 198,146.69
Verizon Communications Inc. Adjustment To Cost Basis For Spinoff of Verizon Shs Acquired By Frontier Communications @ .239253488	07/07/10	-366.90	198,146.69 - 17,922.06 180,224.63
Wells Fargo & Co. Carry Value Adjustment on Shares Transferred From Bank of The West	05/26/10	6,096.31	210,000.00 - 180,224.63 29,775.37
Total Non-Cash Transactions		\$ 6,096.31	