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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 JUL 1, 2010, and ending JUN 30, 2011

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>HEARN CHARITABLE FOUNDATION</b>		A Employer identification number <b>26-3527172</b>
Number and street (or P.O. box number if mail is not delivered to street address) <b>P.O. BOX 1869</b>	Room/suite	B Telephone number <b>615-309-2313</b>
City or town, state, and ZIP code <b>BRENTWOOD, TN 37024-1869</b>		C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <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		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, col (c), line 16) \$ <b>738,573.</b>	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	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))		(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		2,259.	2,259.		STATEMENT 1
4 Dividends and interest from securities		2,353.	2,353.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		22.			
b Gross sales price for all assets on line 6a		22.			
7 Capital gain net income (from Part IV, line 2)			22.		
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		4,634.	4,634.		
13 Compensation of officers, directors, trustees, etc.		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 3		1,715.	0.		1,715.
c Other professional fees STMT 4		1,311.	1,176.		0.
17 Interest					
18 Taxes					
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 5		60.	0.		60.
24 Total operating and administrative expenses. Add lines 13 through 23		3,086.	1,176.		1,775.
25 Contributions, gifts, grants paid		9,500.			9,500.
26 Total expenses and disbursements. Add lines 24 and 25		12,586.	1,176.		11,275.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		-7,952.			
b Net investment income (if negative, enter -0-)			3,458.		
c Adjusted net income (if negative, enter -0-)				N/A	

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<b>Part II Balance Sheets</b> 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
<b>Assets</b>	1 Cash - non-interest-bearing	45,685.	81,625.	81,625.
	2 Savings and temporary cash investments		70.	70.
	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>STMT 7</b>	0.	127,838.	131,252.
	b Investments - corporate stock <b>STMT 8</b>	0.	508,694.	525,626.
	c Investments - corporate bonds			
	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 ▶ )			
	<b>16 Total assets (to be completed by all filers)</b>	45,685.	718,227.	738,573.
<b>Liabilities</b>	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 ▶ )			
	<b>23 Total liabilities (add lines 17 through 22)</b>	0.	0.	
<b>Net Assets or Fund Balances</b>	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	45,685.	718,227.	
	<b>30 Total net assets or fund balances</b>	45,685.	718,227.	
	<b>31 Total liabilities and net assets/fund balances</b>	45,685.	718,227.	

**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 45,685.
2 Enter amount from Part I, line 27a	2 -7,952.
3 Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 6	3 680,498.
4 Add lines 1, 2, and 3	4 718,231.
5 Decreases not included in line 2 (itemize) ▶ MISCELLANEOUS ADJUSTMENT	5 4.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6 718,227.

**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 QWEST - LITIGATION PROCEEDS		P	VARIOUS	06/01/11
b				
c				
d				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 22.			22.
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(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			22.
b			
c			
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	22.
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	2,612.	626,031.	.004172
2008	101,878.	590,404.	.172556
2007	94,848.	862,073.	.110023
2006	110,957.	933,854.	.118816
2005	116,229.	902,937.	.128723

2 Total of line 1, column (d)	2	.534290
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	.106858
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	304,196.
5 Multiply line 4 by line 3	5	32,506.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	35.
7 Add lines 5 and 6	7	32,541.
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	8	11,275.

**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)	1	69.
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	2	0.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).	3	69.
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
3	Add lines 1 and 2	5	69.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		
5	<b>Tax based on investment income</b> 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	
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	100.
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	100.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	31.
11	Enter the amount of line 10 to be Credited to 2011 estimated tax <b>31.</b> Refunded	11	0.

**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
d 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?		
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) <b>TN</b>		
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

**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 <b>N/A</b>	13	X	
14	The books are in care of <b>LPMC</b> Located at <b>P.O. BOX 1869, BRENTWOOD, TN</b> Telephone no. <b>615-377-4600</b> ZIP+4 <b>37024-1869</b>			
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? If "Yes," list the years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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

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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

5b

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

6b

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

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

7b

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
VICKI JOAN HEARN HORNE 559 TURTLE CREEK DRIVE BRENTWOOD, TN 37027	PRESIDENT 1.00	0.	0.	0.
HOLLY HEARN WHALEY 4840 MANASSAS DRIVE BRENTWOOD, TN 37027	SECRETARY 1.00	0.	0.	0.
WILLIAM RAY HEARN 60 WYN OAK NASHVILLE, TN 37205	TREASURER 1.00	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.

	Expenses
1 N/A	
2	
3	
4	

**Part IX-B** Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1 N/A	
2	
All other program-related investments. See instructions	
3	
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	248,907.
b	Average of monthly cash balances	1b	59,921.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	308,828.
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	308,828.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	4,632.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	304,196.
6	Minimum investment return. Enter 5% of line 5	6	15,210.

**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	15,210.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	69.
b	Income tax for 2010 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	69.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	15,141.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	15,141.
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	15,141.

**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	11,275.
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	11,275.
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	11,275.

**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				15,141.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2010				
a From 2005				
b From 2006	65,170.			
c From 2007	52,895.			
d From 2008	71,767.			
e From 2009				
f Total of lines 3a through e	189,832.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 11,275.				
a Applied to 2009, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				11,275.
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))	3,866.			3,866.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	185,966.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	185,966.			
10 Analysis of line 9				
a Excess from 2006	61,304.			
b Excess from 2007	52,895.			
c Excess from 2008	71,767.			
d Excess from 2009				
e Excess from 2010				









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

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SOURCE	AMOUNT
CHARLES SCHWAB INVESTMENTS	2,259.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	2,259.

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FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CHARLES SCHWAB INVESTMENTS	2,353.	0.	2,353.
TOTAL TO FM 990-PF, PART I, LN 4	2,353.	0.	2,353.

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FORM 990-PF ACCOUNTING FEES STATEMENT 3

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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	1,715.	0.		1,715.
TO FORM 990-PF, PG 1, LN 16B	1,715.	0.		1,715.

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FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 4

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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT MANAGEMENT FEES	1,311.	1,176.		0.
TO FORM 990-PF, PG 1, LN 16C	1,311.	1,176.		0.

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FORM 990-PF	OTHER EXPENSES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
BANK SERVICE CHARGES	40.	0.		40.	
MISCELLANEOUS	20.	0.		20.	
TO FORM 990-PF, PG 1, LN 23	60.	0.		60.	

FORM 990-PF	OTHER INCREASES IN NET ASSETS OR FUND BALANCES	STATEMENT	6
DESCRIPTION		AMOUNT	
TRANSFER OF ASSETS FROM SPARROW FOUNDATION EIN #62-1516024		680,498.	
TOTAL TO FORM 990-PF, PART III, LINE 3		680,498.	

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS		STATEMENT	7
DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
CHARLES SCHWAB - TREASURIES	X		27,203.	27,483.
CHARLES SCHWAB - MUNICIPALS		X	100,635.	103,769.
TOTAL U.S. GOVERNMENT OBLIGATIONS			27,203.	27,483.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS			100,635.	103,769.
TOTAL TO FORM 990-PF, PART II, LINE 10A			127,838.	131,252.

FORM 990-PF	CORPORATE STOCK	STATEMENT	8
DESCRIPTION		BOOK VALUE	FAIR MARKET VALUE
CHARLES SCHWAB - MUTUAL FUNDS		508,694.	525,626.
TOTAL TO FORM 990-PF, PART II, LINE 10B		508,694.	525,626.



Hearn Charitable Foundation  
Form 990-PF  
26-3527172  
June 30, 2011

The Sparrow Foundation was merged into the Hearn Charitable Foundation as of January 28, 2011. Attached please find copies of the Actions of Board of Directors, Plan and Articles of Merger of The Sparrow Foundation into Hearn Charitable Foundation, and Acknowledgment of Merger From the State of Tennessee. The transfer was completed under Internal Revenue Code Section 507(b)(2). All the assets of the Sparrow Foundation were transferred over to the Hearn Charitable Foundation as of that date. The assets transferred consisted of

	Cost	FMV
Cash – Regions Bank	\$ 319	\$ 319
Cash Equivalents- Schwab Investment Account	43,407	43,407
Investment Funds – Fixed and Large Cap – Schwab Investment Account	<u>636,772</u>	<u>648,151</u>
Total	<u>\$ 680,498</u>	<u>\$692,241</u>

**THE SPARROW FOUNDATION**  
**ACTIONS OF BOARD OF DIRECTORS**

The undersigned, being all of the members of the Board of Directors of The Sparrow Foundation a Tennessee nonprofit corporation (the "Corporation"), unanimously agree to take the following actions by written consent and hereby unanimously agree as follows:

1. The Corporation shall merge into Hearn Charitable Foundation ("HCF"), which is a Tennessee nonprofit corporation, a public benefit corporation and a § 501(c)(3) organization, and which shall be the surviving corporation. Upon the merger, the Corporation shall thereupon cease its separate existence and all of its assets shall be vested in HCF, and HCF shall also assume and have all liabilities and obligations of the Corporation. HCF will continue as a Tennessee nonprofit corporation and will continue to operate as a public benefit, § 501(c)(3) corporation, and carry out its charitable purposes.

2. The Articles of Merger and the Plan of Merger attached hereto are hereby approved. The Articles of Merger shall be filed as required by law.

3. Proper notice of the proposed merger shall be given to the Attorney General and Reporter of the State of Tennessee.

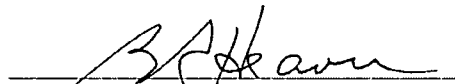
4. Since the Corporation has no members or membership interests, no other approval by any members or other person(s) is required for the merger.

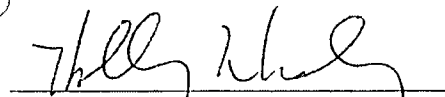
5. Billy Ray Hearn, as President of the Corporation, and Rick Horne, as Secretary of the Corporation, or either of them acting alone, are hereby authorized to execute all documents, to make all filings, and to take all actions, on behalf of the Corporation necessary or advisable to effectuate the merger.

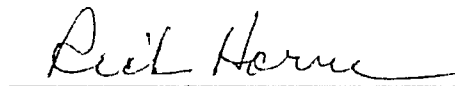
6. The undersigned hereby waive any right to prior notice which they may have been entitled to receive before taking the above-mentioned actions.

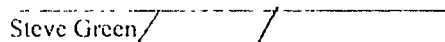
7. This Actions of Board of Directors may be executed in multiple counterparts and/or with multiple signature pages, all of which together shall constitute one instrument.

DATED the 21<sup>st</sup> day of January, 2010.

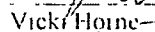
  
Billy Ray Hearn


  
Holly Whaley

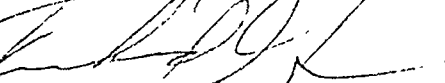
  
Rick Horne

  
Steve Green

  
Margaret Becker

  
Vicki Horne

  
Bill Hearn

  
Richard Green

PLAN OF MERGER  
OF  
THE SPARROW FOUNDATION  
INTO  
HEARN CHARITABLE FOUNDATION

RECEIVED  
STATE OF TENNESSEE  
2011 JAN 28 AM 11:58  
JIM HARGETT  
SECRETARY OF STATE

6821.2171

Pursuant to the provisions of § 48-61-101, of the Tennessee Nonprofit Corporation Act, the undersigned corporations set forth this Plan of Merger and state as follows:

1. The names of the corporations planning to merge are The Sparrow Foundation and Hearn Charitable Foundation.

2. The name of the surviving corporation shall be Hearn Charitable Foundation.

3. The Sparrow Foundation shall be merged into Hearn Charitable Foundation, which shall be the surviving corporation.

4. Both of these corporations are nonprofit corporations organized under the laws of the State of Tennessee, and both are public benefit corporations, as well as both being § 501(c)(3) organizations.

5. The terms and conditions of the merger are:

The Sparrow Foundation shall merge into Hearn Charitable Foundation, after which the separate existence of The Sparrow Foundation shall cease and its board of directors shall cease. No compensation will be paid as part of the merger, and no director, officer or other individual will receive any distribution, compensation or benefits as a result of this merger.

6. Since both corporations have essentially had the same general charitable purposes, they both agree that carrying out their charitable purposes can more effectively and economically be done under the realm of one corporation, instead of two, as Hearn Charitable Foundation, the surviving corporation, will continue to be a nonprofit, public benefit, § 501(c)(3) corporation. As such, with respect to Hearn Charitable Foundation,

(a) no part of its net earnings will inure to the benefit of, or be distributable to, its directors, officers, or other private persons, except that it is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its charitable and other exempt purposes set out in its charter.

(b) no substantial part of its activities will be the carrying on of propaganda, or otherwise attempting to influence legislation; and Hearn Charitable Foundation will not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

(c) notwithstanding any other provision of this Plan of Merger, it will not carry on any other activities not permitted to be carried on by: (i) a corporation exempt from federal income tax under § 501(c)(3) of the Internal Revenue Code (or corresponding section of any future federal tax laws), or (ii) a corporation, contributions to which are deductible under § 170(c)(2) of the Internal Revenue Code (or corresponding section of any future federal tax laws).

7. Since neither corporation has members or memberships, there will be no conversion of membership interests as part of the merger.

8. Upon the merger, Hearn Charitable Foundation, the surviving corporation, shall assume the contracts, obligations and liabilities of every nature of The Sparrow Foundation and shall thereupon and thereafter possess all rights, privileges, immunities, assets, property, debts, liabilities and choses in action of the merging corporations, without the necessity of any other formal documentation, except as may be required by law.

9. Hearn Charitable Foundation shall continue to comply with all applicable state laws and IRS laws and regulations after the merger.

10. The Charter of Hearn Charitable Foundation will not be amended as part of or as a result of the merger.

DATED the 21<sup>st</sup> day of January, 2011

THE SPARROW <sup>FOUNDATION</sup> CORPORATION *REH*

By: *B. Hearn*  
Billy Ray Hearn, President

HEARN CHARITABLE FOUNDATION

By: *Vicki Horne*  
Vicki Horne, President

RECEIVED  
STATE OF TENNESSEE  
2011 JAN 28 AM 11:58  
JE HARGETT  
SECRETARY OF STATE

ARTICLES OF MERGER

OF

THE SPARROW FOUNDATION

INTO

HEARN CHARITABLE FOUNDATION

FILED  
RECEIVED  
STATE OF TENNESSEE  
2011 JAN 28 AM 11:58  
THE HARGETT  
SECRETARY OF STATE

6521.2170

Pursuant to the provisions of § 48-61-104, of the Tennessee Nonprofit Corporation Act., the undersigned surviving corporation hereby submits these Articles of Merger and states as follows:

1. The Plan of Merger is attached hereto and was approved by each of the herein named corporations in the manner prescribed by § 48-61-103 of the Tennessee Nonprofit Corporation Act.

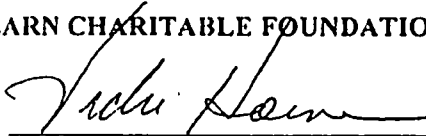
2. As to The Sparrow Foundation, the Plan was duly approved by a sufficient vote of its Board of Directors, and approval by members or any other person(s) was not required, as the corporation has no members.

3. As to Hearn Charitable Foundation, the Plan was duly approved by a sufficient vote of its Board of Directors, and approval by members or any other person(s) was not required, as the corporation has no members.

DATED the 21<sup>st</sup> day of January, 2011.

HEARN CHARITABLE FOUNDATION

By:



Vicki Horne, President

MAIL- Gullett SANFORD



BILL GARRETT, Davidson County

Trans: T20110006399 CHARTER

Recvd: 02/01/11 11 12 4 pgs

Fees: 7.00 Taxes: 0.00



20110201-0008848

STATE OF TENNESSEE  
Tre Hargett, Secretary of State  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

HEARN CHARITABLE FOUNDATION  
5250 VIRGINIA WAY  
PO BOX 1869  
BRENTWOOD, TN 37024-1869

January 28, 2011

Control # 587120

Effective Date: 01/28/2011 11:58 AM

Document Receipt

Receipt #: 327699

Filing Fee: \$100.00

Payment-Check/MO - GULLETT, SANFORD, ROBINSON & MARTIN, PLLC, NASHVI

\$100.00

ACKNOWLEDGMENT OF MERGER

THE SPARROW FOUNDATION (Davidson County) (Qualified Non-survivor)

merged into HEARN CHARITABLE FOUNDATION (Williamson County) (Qualified Survivor)

This will acknowledge the filing of the attached Articles of Merger with an effective date as indicated above.

When corresponding with this office or submitting documents for filing, please refer to the control number given above.

You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

Tre Hargett  
Secretary of State

Processed By: Cynthia Dunn

BK/PG: 5260/140-143

11004739

CHARTER	02/07/2011	08:01 AM
BATCH	205921	
MTG TAX	0.00	
TRN TAX	0.00	
REC FEE	5.00	
DP FEE	2.00	
REC FEE	0.00	
TOTAL	7.00	

STATE OF TENNESSEE, WILLIAMSON COUNTY  
SADIE WADE  
REGISTER OF DEEDS