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Form **990-PF**Department of the Treasury
Internal Revenue Service**Return of Private Foundation**
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

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

OMB No 1545-0052

2011

For calendar year 2011 or tax year beginning , and ending

Name of foundation The Michael and Karen Stone Family Foundation Inc		A Employer identification number 05-0544633
Number and street (or P O box number if mail is not delivered to street address) Foundation Source 501 Silverside Rd	Room/suite 123	B Telephone number (see instructions) (800) 839-1754
City or town, state, and ZIP code Wilmington DE 19809-1377		C If exemption application is pending, check here ☐
G Check all that apply ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 8,657,762 (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 ☐
J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____		

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 instructions))

	(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 (attach schedule)	1,951,468			
2 Check ☐ if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments	383	383		
4 Dividends and interest from securities	65,586	65,586		
5 a Gross rents				
b Net rental income or (loss)				
6 a Net gain or (loss) from sale of assets not on line 10	311,980			
b Gross sales price for all assets on line 6a	2,978,085			
7 Capital gain net income (from Part IV, line 2)		2,556,155		
8 Net short-term capital gain				
9 Income modifications				
10 a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule)	27,387	5,253		
12 Total. Add lines 1 through 11	2,356,804	2,627,377		
13 Compensation of officers, directors, trustees, etc.				
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16 a Legal fees (attach schedule)				
b Accounting fees (attach schedule)				
c Other professional fees (attach schedule)	57,249	7,249		50,000
17 Interest				
18 Taxes (attach schedule) (see instructions)	13,109			
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule)	251,341	225,158		25,512
24 Total operating and administrative expenses. Add lines 13 through 23	321,699	232,407		75,512
25 Contributions, gifts, grants paid	235,867			235,867
26 Total expenses and disbursements. Add lines 24 and 25	557,566	232,407		311,379
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	1,799,238			
b Net investment income (if negative, enter -0-)		2,394,970		
c Adjusted net income (if negative, enter -0-)				

For Paperwork Reduction Act Notice, see instructions.

Form **990-PF** (2011)NOV 15 2012
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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		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	1,920,367	2,448,272	2,448,272
	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 instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ 409,906 Less allowance for doubtful accounts ▶	409,906	409,906	400,000
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	1,656,416	635,730	760,500
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	2,512,418	4,804,437	5,048,990
	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 the instructions Also, see page 1, item I)	6,499,107	8,298,345	8,657,762	
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 (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here 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			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	6,499,107	8,298,345	
30 Total net assets or fund balances (see instructions)	6,499,107	8,298,345		
31 Total liabilities and net assets/fund balances (see instructions)	6,499,107	8,298,345		

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	6,499,107
2 Enter amount from Part I, line 27a	2	1,799,238
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	8,298,345
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	8,298,345

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 Publicly-traded Securities			
b Passthrough K1 Capital Gain			
c EATFRESH, LLC	P	4/24/2006	12/31/2011
d STONE COACHELLA, LLC	P	11/2/2007	3/31/2011
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 2,978,085		396,170	2,581,915
b			7,056
c		32,816	-32,816
d 0		0	0
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			2,581,915
b			7,056
c			-32,816
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	2,556,155
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 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 (col. (b) divided by col. (c))
2010	284,527	5,893,708	0.048276
2009	240,925	4,028,543	0.059805
2008	320,227	6,796,988	0.047113
2007	133,844	6,107,440	0.021915
2006	165,193	5,428,011	0.030433

2 Total of line 1, column (d)	2	0.207542
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	0.041508
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	7,108,429
5 Multiply line 4 by line 3	5	295,057
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	23,950
7 Add lines 5 and 6	7	319,007
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	311,379

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

1 a 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)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		1	47,899	
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0	
3 Add lines 1 and 2		3	47,899	
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4		
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	47,899	
6 Credits/Payments				
a 2011 estimated tax payments and 2010 overpayment credited to 2011	6a	10,804		
b Exempt foreign organizations—tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c	46,064		
d Backup withholding erroneously withheld	6d			
7 Total credits and payments. Add lines 6a through 6d	7	56,868		
8 Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	0		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	8,969		
11 Enter the amount of line 10 to be Credited to 2012 estimated tax ☐ 8,969 Refunded ☐ 0	11	0		

Part VII-A Statements Regarding Activities

	Yes	No
1 a 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 page 19 of the 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
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 ☐ \$ _____ (2) On foundation managers ☐ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ☐ \$ _____		
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
4 a 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	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) ☐ DE		
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 2011 or the taxable year beginning in 2011 (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

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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address ▶				
14	The books are in care of ▶ Foundation Source	Telephone no ▶	(800) 839-1754	
	Located at ▶ 501 Silverside Road, Suite 123 Wilmington DE	ZIP+4 ▶	19809-1377	
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			
16	At any time during calendar year 2011, 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 ▶			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 instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ ☐	1b	N/A
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 2011?	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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? ☐ Yes ☒ No If "Yes," list the years ▶ 20____, 20____, 20____, 20____		
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)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20____, 20____, 20____, 20____		
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 2011 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 2011)	3b	N/A
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 2011?	4b	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

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?

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?☐ Yes ☒ No**b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?**5b**

N/A

6b

X

7b

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 (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
SEE ATTACHMENT				

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				

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

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		0
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 The Foundation has begun a new program to support the provision of free counseling to terminal cancer patients. The goal of this program is patient advocacy for cancer victims, aimed at alleviation of both emotional and physical suffering for those victims.	50,000
2	
3	
4	

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
1	
2	
3 All other program-related investments. See instructions.	
Total. Add lines 1 through 3	0

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	1,371,715
b	Average of monthly cash balances	1b	850,956
c	Fair market value of all other assets (see instructions)	1c	4,994,008
d	Total (add lines 1a, b, and c)	1d	7,216,679
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	7,216,679
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	108,250
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	7,108,429
6	Minimum investment return. Enter 5% of line 5	6	355,421

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	355,421
2a	Tax on investment income for 2011 from Part VI, line 5	2a	47,899
b	Income tax for 2011 (This does not include the tax from Part VI)	2b	0
c	Add lines 2a and 2b	2c	47,899
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	307,522
4	Recoveries of amounts treated as qualifying distributions	4	0
5	Add lines 3 and 4	5	307,522
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	307,522

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	311,379
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	0
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	0
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	311,379
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	311,379

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				307,522
2 Undistributed income, if any, as of the end of 2011.				
a Enter amount for 2010 only			198,051	
b Total for prior years 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2011				
a From 2006	0			
b From 2007	0			
c From 2008	0			
d From 2009	0			
e From 2010	0			
f Total of lines 3a through e	0			
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ \$ 311,379				
a Applied to 2010, but not more than line 2a			198,051	
b Applied to undistributed income of prior years (Election required—see instructions)		0		
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2011 distributable amount				113,328
e Remaining amount distributed out of corpus	0			
5 Excess distributions carryover applied to 2011 (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				
d Subtract line 6c from line 6b. Taxable amount—see instructions		0		
e Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount—see instructions			0	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				194,194
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)	0			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	0			
10 Analysis of line 9				
a Excess from 2007	0			
b Excess from 2008	0			
c Excess from 2009	0			
d Excess from 2010	0			
e Excess from 2011	0			

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i>				
ARCH ACADEMY 9455 FARNHAM ST SAN DIEGO CA 92123	N/A	509(a)(1)	General & Unrestricted	200
BIG BROTHERS BIG SISTERS - SAN DIEGO CNTY 8515 ARJONS DR STE A SAN DIEGO CA 92126	N/A	509(a)(1)	General & Unrestricted	34,839
BISHOP SCHOOL 7607 LA JOLLA BLVD LA JOLLA CA 92037	N/A	509(a)(1)	Annual Fund	10,000
COMPUTERS 2 SD KIDS 8324 MIRAMAR MALL SAN DIEGO CA 92121	N/A	509(a)(1)	General & Unrestricted	500
DUKE UNIVERSITY, IRON DUKES PROGRAM ATTN JACK WINTERS, BOX 90542 DURHAM NC 27708	N/A	509(a)(1)	Iron Dukes Program	10,000
FREE THE CHILDREN INTERNATIONAL P O BOX 32099 HARTFORD CT 06510	N/A	509(a)(1)	Adopt a Village in Pimbiniet	15,000
FRIENDS OF VISTA HILL FOUNDATION 8910 CLRMNT MESA BLVD SAN DIEGO CA 92123	N/A	509(a)(1)	Stein Education Center Equestrian Therapy Program	5,000
HOTCHKISS SCHOOL PO BOX 800 LAKEVILLE CT 06039	N/A	509(a)(1)	General & Unrestricted	5,000
HOTCHKISS SCHOOL PO BOX 800 LAKEVILLE CT 06039	N/A	509(a)(1)	Faculty Scholarship Fund	5,000
LA JOLLA YMCA 8355 CLIFFRIDGE AVE LA JOLLA CA 92037	N/A	509(a)(1)	General & Unrestricted	500
MONARCH SCHOOL PROJECT 808 W CEDAR ST SAN DIEGO CA 92101	N/A	509(a)(1)	General & Unrestricted	10,000
Total See Attached Statement			3a	235,867
b <i>Approved for future payment</i>				
Total			3b	0

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

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

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

OMB No 1545-0047

2011

Name of the organization

Employer identification number

The Michael and Karen Stone Family Foundation Inc

05-0544633

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ► \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990, or check the box on line H of its Form 990-EZ or on Part I, line 2, of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization The Michael and Karen Stone Family Foundation Inc	Employer identification number 05-0544633
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Stone, Michael R 1021 Muirlands Drive La Jolla CA 92037 Foreign State or Province Foreign Country	\$ 1,951,468	Person ☒ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution)
2	 Foreign State or Province Foreign Country	\$ 0	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
3	 Foreign State or Province Foreign Country	\$ 0	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
4	 Foreign State or Province Foreign Country	\$ 0	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
5	 Foreign State or Province Foreign Country	\$ 0	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
6	 Foreign State or Province Foreign Country	\$ 0	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

Name of organization

The Michael and Karen Stone Family Foundation Inc

Employer identification number

05-0544633

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	STR HOLDINGS INC STRI, 50000 sh	\$ 455,750	12/2/2011
1	STR HOLDINGS INC STRI, 100000 sh	\$ 902,500	11/30/2011
1	STR HOLDINGS INC STRI, 15000 sh	\$ 261,525	3/21/2011
		\$ 0	
		\$ 0	
		\$ 0	

Name of organization The Michael and Karen Stone Family Foundation Inc	Employer identification number 05-0544633
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Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry
 For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year (Enter this information once See instructions) ► \$ 0
 Use duplicate copies of Part III if additional space is needed

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	----- ----- -----		----- ----- -----
	For Prov	Country	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	----- ----- -----		----- ----- -----
	For Prov	Country	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	----- ----- -----		----- ----- -----
	For Prov	Country	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	----- ----- -----		----- ----- -----
	For Prov	Country	

Form 990-PF, Part I, Line 6 - Gain/Loss from Sale of Assets Other Than Inventory

Gross Sales	Cost Basis	Net Gain or Loss
0	0	116
TOTAL:		

	Description	Gross Sales Price	Cost Basis	Valuation Method	Expense of Sale & Imprv Cost	Deprec	Net Gain or Loss
1	Pass-through K-1 UBI Capital Gain						116
2							
3							
4							
5							
6							
7							
8							
9							
10							

Form 990-PF, Part I, Line 11 - Other Income

		TOTAL:		27,387	5,253	0
	Description	(a) Revenue per Books	(b) Net Investment Income	(c) Adjusted Net Income		
1	EATFRESH, LLC K-1 Pass-Through Share of Partnership Loss	-3,933	-3,933	0		
2	Federal Tax Refund	23,714	0	0		
3	MIT PRIVATE EQUITY FUND IV, LP K-1 Pass-Through Share of Partnership Income	300	1,880	0		
4	SOPHROSYNE TECHNOLOGY PARTNERS, LP K-1 Pass-Through Share of Partnership Income	868	868	0		
5	STX FILMWORKS, LLC K-1 Pass-Through Share of Partnership Loss	-45,232	-45,232	0		
6	TSL EQUITY PARTNERS, LP K-1 Pass-Through Share of Partnership Income	967	967	0		
7	Interest Income from Note Receivable	50,703	50,703	0		
8						
9						
10						

Form 990-PF, Part I, Line 16c - Other Professional Fees

TOTAL:		57,249	7,249	0	50,000
	Description	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purpose
1	Investment Management Services	7,249	7,249	0	0
2	Counseling Services for the Terminally Ill	50,000	0	0	50,000
3					
4					
5					
6					
7					
8					
9					
10					

Form 990-PF, Part I, Line 18 - Taxes

		TOTAL:		13,109	0	0	0
	Description	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purpose		
1	Estimated Tax for 2011	9,800	0	0	0		
2	UBTI Tax - 2010	138	0	0	0		
3	Excise Tax for 2010	3,171	0	0	0		
4							
5							
6							
7							
8							
9							
10							

Form 990-PF, Part I, Line 23 - Other Expenses

TOTAL:		251,341	225,158	0	25,512
	Description	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purpose
1	Administrative Fees	25,487	0	0	25,487
2	Bank Charges	30	30	0	0
3	MIT PRIVATE EQUITY FUND IV, LP K-1 Expenses	3,360	3,333	0	0
4	SOPHROSYNE TECHNOLOGY PARTNERS, LP K-1 Expenses	5,838	5,838	0	0
5	State or Local Filing Fees	25	0	0	25
6	STONE COACHELLA, LLC K-1 Expenses	215,893	215,893	0	0
7	STX FILMWORKS, LLC K-1 Expenses	644	0	0	0
8	TSL EQUITY PARTNERS, LP K-1 Expenses	64	64	0	0
9					
10					

Form 990-PF, Part II, Line 10b - Investments - Corporate Stock

		TOTAL:		635,730	760,500
	Description	Shares	Book Value End of Year	FMV End of Year	
1	ARGAN, INC (AGX)	50,000	635,730	760,500	
2					
3					
4					
5					
6					
7					
8					
9					
10					

Form 990-PF, Part II, Line 7 - Other Notes

TOTAL: 400,000 409,906 400,000

	Borrower's Name	501(c)(3) Org	Original Amount	Balance Due BV	Balance Due FMV	Security Provided	Date of Note	Maturity Date	Repay Terms	Interest Rate	Purpose of Loan	Consid Descrip	Consid FMV	Relationship
1	Satellite Tracking of People, LLC		400,000	409,906	400,000	Liens	3/12/2010	3/15/2015	Interest Annually	16.00%	Investment	Cash & Note	400,000	None
2														
3														
4														
5														
6														
7														
8														
9														
10														

Form 990-PF, Part II, Line 13 - Investments - Other

TOTAL:			4,804,437	5,048,990
	Asset Description	Book Value End of Year	FMV End of Year	
1	MIT PRIVATE EQUITY FUND IV, LP	68,773	83,480	
2	MULLIGAN FUNDING LLC - NET ADVANCES	1,800,000	1,800,000	
3	PARK WEST PARTNERS LIMITED	1,000,000	999,450	
4	ROSE GROVE OFFSHORE FUND I, LTD	1,500,000	1,676,960	
5	SOPHROSINE TECHNOLOGY PARTNERS, LP	255,865	262,983	
6	STX FILMWORKS, LLC	105,374	151,250	
7	TSL EQUITY PARTNERS, LP	74,425	74,867	
8				
9				
10				

Form 990-PF, Part VIII, Line 1 - Compensation of Officers, Directors, Trustees and Foundation Managers

	Name	Street	City	State	Zip Code	Title	Avg Hrs	Comp	Benefits	Expense Acct
1	Michael R Stone	Foundation Source 501 Silverside Rd	Wilmington	DE	19809	President / Director / Secretary	1	0	0	0
2										
3										
4										
5										
6										
7										
8										
9										
10										

TOTAL: 0 0 0

Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

Recipient(s) paid during the year

Name

NORWALK GRASSROOTS TENNIS INC

Street

394 W AVE

City

NORWALK

State

CT

Zip Code

06850

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

General & Unrestricted

Amount

5,000

Name

SAN DIEGO MUSEUM OF ART

Street

1450 EL PRADO

City

SAN DIEGO

State

CA

Zip Code

92101

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

General & Unrestricted

Amount

25,000

Name

SHELBURNE FARMS

Street

HARBOR RD

City

SHELBURNE

State

VT

Zip Code

05482

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(2)

Purpose of grant/contribution

General & Unrestricted

Amount

30,000

Name

THE GILLISPIE SCHOOL

Street

7380 GIRARD AVE

City

LA JOLLA

State

CA

Zip Code

92037

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(2)

Purpose of grant/contribution

General & Unrestricted

Amount

64,328

Name

THE GILLISPIE SCHOOL

Street

7380 GIRARD AVE

City

LA JOLLA

State

CA

Zip Code

92037

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(2)

Purpose of grant/contribution

Annual Giving Campaign

Amount

10,000

Name

UC SAN DIEGO FOUNDATION

Street

RADY SCHOOL OF MANAGEMENT UNIVERSITY OF CALIFORNIA

City

LA JOLLA

State

CA

Zip Code

92093

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Fellowships for the Future Fund

Amount

1,000

Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

Recipient(s) paid during the year

Name

UC SAN DIEGO FOUNDATION

Street

RADY SCHOOL OF MANAGEMENT UNIVERSITY OF CALIFORNIA

City

LA JOLLA

State

CA

Zip Code

92093

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Rady School Graduate Fellowships Fund

Amount

2,500

Name

UC SAN DIEGO FOUNDATION

Street

RADY SCHOOL OF MANAGEMENT UNIVERSITY OF CALIFORNIA

City

LA JOLLA

State

CA

Zip Code

92093

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Rady School Golf Classic Fund

Amount

1,000

Name

UC SAN DIEGO FOUNDATION - BIRCH AQUARIUM AT SCRIPPS

Street

9500 GILMAN DR

City

LA JOLLA

State

CA

Zip Code

92093

Foreign Country**Relationship**

N/A

Foundation Status

509(a)(1)

Purpose of grant/contribution

Boundless Energy Program

Amount

1,000

Name**Street****City****State****Zip Code****Foreign Country****Relationship****Foundation Status****Purpose of grant/contribution****Amount**

0

Name**Street****City****State****Zip Code****Foreign Country****Relationship****Foundation Status****Purpose of grant/contribution****Amount**

0

Name**Street****City****State****Zip Code****Foreign Country****Relationship****Foundation Status****Purpose of grant/contribution****Amount**

0