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

2011

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 2011, or tax year beginning

, 2011, and ending

Name of foundation Betty & James K. Stone Foundation		A Employer identification number 57-0958629
Number and street (or P.O. box number if mail is not delivered to street address) P.O. Box 219	Room/suite	B Telephone number (see the instructions) (864) 439-9788
City or town Wellford	State ZIP code SC 29385	C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial Return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		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, column (c), line 16) \$ 1,823,497.	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see 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 (att sch)		8,044.			
2 Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities		27,688.	27,688.		
5a Gross rents					
b Net rental income or (loss)			L-6a Stmt		
6a Net gain/(loss) from sale of assets not on line 10		43,537.			
b Gross sales price for all assets on line 6a	326,577.				
7 Capital gain net income (from Part IV, line 2)			43,537.		
8 Net short-term capital gain				43,537.	
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit/(loss) (att sch)					
11 Other income (attach schedule)					
12 Total Add lines 1 through 11		79,269.	71,225.	43,537.	
13 Compensation of officers, directors, trustees, etc					
14 Other employee salaries and wages					
15 Pension/annuities, employee benefits					
16a Legal fees (attach schedule)					
b Accounting fees (attach sch) L-16b Stmt		3,325.	1,663.		1,662.
c Other professional fees (attach sch) L-16c Stmt		13,000.	6,500.		6,500.
17 Interest					
18 Taxes (attach schedule) (see instrs) See Line 18 Stmt		717.	717.		
19 Depreciation (attach sch) and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses (attach schedule)					
Processing Fee		1.			
24 Total operating and administrative expenses. Add lines 13 through 23		17,043.	8,880.		8,162.
25 Contributions, gifts, grants paid		45,700.			45,700.
26 Total expenses and disbursements. Add lines 24 and 25		62,743.	8,880.		53,862.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		16,526.			
b Net investment income (if negative, enter -0-)			62,345.		
c Adjusted net income (if negative, enter -0-)				43,537.	

6/14

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	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
A S S E T S	1 Cash -- non-interest-bearing			
	2 Savings and temporary cash investments	101,084.	160,426.	160,426.
	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 sch) ▶ Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments -- U.S. and state government obligations (attach schedule)			
	b Investments -- corporate stock (attach schedule) L-10b Stmt	888,190.	845,374.	1,663,071.
	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)			
	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)	989,274.	1,005,800.	1,823,497.	
L I A B I L I T I E S	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)			
N E T A S S E T S A N D F U N D B A L A N C E S	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	707,476.	707,476.	
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	281,798.	298,324.	
	30 Total net assets or fund balances (see instructions)	989,274.	1,005,800.	
	31 Total liabilities and net assets/fund balances (see instructions)	989,274.	1,005,800.	

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	989,274.
2 Enter amount from Part I, line 27a	2	16,526.
3 Other increases not included in line 2 (itemize)	3	
4 Add lines 1, 2, and 3	4	1,005,800.
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	1,005,800.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)				(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a See Attached Statement for Detail				P	various	various
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 326,577.	b 0.	c 283,040.	d 43,537.
e			
f			
g			
h			
i			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(j) Fair Market Value as of 12/31/69	(k) Adjusted basis as of 12/31/69	(l) Excess of column (j) over column (k), if any	
a 0.	b 0.	c 0.	d 43,537.
e			
f			
g			
h			
i			

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	43,537.
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	43,537.

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes☒ No

If 'Yes,' the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.			
(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2010	53,548.	1,583,066.	0.033826
2009	11,795.	1,271,500.	0.009276
2008	6,955.	1,402,701.	0.004958
2007	6,383.	1,454,572.	0.004388
2006	4,752.	1,224,917.	0.003879
2 Total of line 1, column (d)			2 0.056327
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 0.011265
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5			4 1,814,349.
5 Multiply line 4 by line 3			5 20,439.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 623.
7 Add lines 5 and 6			7 21,062.
8 Enter qualifying distributions from Part XII, line 4			8 53,862.

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

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Form 990-PF (2011)

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 <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter _____ (attach copy of letter if necessary – see instrs)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	623.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2		3	623.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	623.
6 Credits/Payments:			
a 2011 estimated tax pmts and 2010 overpayment credited to 2011	6a		
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7		
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8		6.
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		629.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		0.
11 Enter the amount of line 10 to be: Credited to 2012 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11		

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 the instructions for definition)?		X
If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If 'Yes,' attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If 'Yes,' attach a conformed copy of the changes		X
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, column (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions)		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If 'No,' attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 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	

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Form 990-PF (2011)

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? Website address <u>N/A</u>	13	X	
14	The books are in care of <u>Eliot Stone</u> Telephone no. <u>(864) 439-9788</u> Located at <u>125 Office Street</u> <u>Wellford</u> <u>SC</u> ZIP + 4 <u>29385</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 — Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>			
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? <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 instructions)? <input type="checkbox"/>	1b	X
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011? <input type="checkbox"/>	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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
b Are there any years listed in 2a for which the foundation is 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	X
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If 'Yes,' did it have excess business holdings in 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	X
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b	X

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Form 990-PF (2011)

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No**b** If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

5b

X

Organizations relying on a current notice regarding disaster assistance check here

☐**c** If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?☐ Yes ☐ No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d).

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

6b

X

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?**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors****1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
George E. Stone P.O. Box 219 Wellford SC 29385	Trustee 8.00	0.	0.	0.
Eliot Stone P.O. Box 219 Wellford SC 29385	Trustee 4.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1— see instructions). If none, enter 'NONE.'

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				
0				
0				
0				
0				

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

None

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services (see instructions). If none, enter 'NONE.'**

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

Total number of others receiving over \$50,000 for professional services None

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 <u>NOT APPLICABLE</u>	0.
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 <u>NOT APPLICABLE</u>	0.
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3	None

BAA

Form 990-PF (2011)

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	1,731,541.
b Average of monthly cash balances	1b	110,438.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	1,841,979.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	
3 Subtract line 2 from line 1d	3	1,841,979.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	27,630.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,814,349.
6 Minimum investment return. Enter 5% of line 5	6	90,717.

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	90,717.
2a Tax on investment income for 2011 from Part VI, line 5	2a	623.
b Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	623.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	90,094.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	90,094.
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	90,094.

Part XII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	1a	53,862.
b Program-related investments — total from Part IX-B	1b	0.
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	53,862.
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	623.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	53,239.

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				90,094.
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only			25,081.	
b Total for prior years: 20__, 20__, 20__				
3 Excess distributions carryover, if any, to 2011:				
a From 2006	4,948.			
b From 2007	6,582.			
c From 2008	7,862.			
d From 2009	12,293.			
e From 2010	0.			
f Total of lines 3a through e	31,685.			
4 Qualifying distributions for 2011 from Part XII, line 4: ▶ \$ 53,862.				
a Applied to 2010, but not more than line 2a				
b Applied to undistributed income of prior years (Election required — see instructions)				
c Treated as distributions out of corpus (Election required — see instructions)				
d Applied to 2011 distributable amount				53,862.
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).)	31,685.			31,685.
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			25,081.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				4,547.
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.			

N/A

4942(1)(5)

(4) Gross investment income

[illegible]

NOT APPLICABLE

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
Spartanburg Day School 1701 Skylyn Drive Spartanburg SC 29307		501 (C) 3	Education	37,500.
Spartanburg Methodist College 1000 Powell Mill Road Spartanburg SC 29301		501 (C) 3	Education	0.
Church of the Advent 141 Advent Street Spartanburg SC 29302		501 (C) 3	General Support	0.
Spartanburg County Foundation 424 East Kennedy Street Spartanburg SC 29302		501 (C) 3	General Support	300.
Miracle Hills Ministries P.O. Box 2546 Greenville SC 29602		501 (C) 3	General Support	250.
Converse Heights Neighborhood Assn P.O. Box 187 Spartanburg SC 29304		501 (C) 3	General Support	150.
Spartanburg Regional Foundation 101 East Wood Street Spartanburg SC 29303		501 (C) 3	General Support	1,500.
Spartanburg Art Museum 200 East St. John Street Spartanburg SC 29306		501 (C) 3	General Support	1,000.
Converse College 580 East Main Street Spartanburg SC 29302		501 (C) 3	Education	5,000.
Total			3a	45,700.
b Approved for future payment				
Total			3b	

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	1a (1)	X
(2)	Other assets	1a (2)	X
b	Other transactions:		
(1)	Sales of assets to a noncharitable exempt organization	1b (1)	X
(2)	Purchases of assets from a noncharitable exempt organization	1b (2)	X
(3)	Rental of facilities, equipment, or other assets	1b (3)	X
(4)	Reimbursement arrangements	1b (4)	X
(5)	Loans or loan guarantees	1b (5)	X
(6)	Performance of services or membership or fundraising solicitations	1b (6)	X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	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

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) is based on all information of which preparer has any knowledge			
	 Signature of officer or trustee		4-26-12 Date	
Paid Preparer Use Only	Print/Type preparer's name Bobby J. Willis		Preparer's signature 	
	Firm's name ▶ Bobby J. Willis		Date 4/26/12	
	Firm's address ▶ 211 Briarcreek Drive Spartanburg SC 29301		Check <input checked="" type="checkbox"/> if self employed PTIN P01270040	
			Firm's EIN ▶ Phone no. (864) 576-4738	

Name Betty & James K. Stone Foundation Employer Identification Number 57-0958629

Asset Information:

Description of Property: <u>Call: Apple Computer</u>	
Date Acquired: <u>04/11/11</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>04/16/11</u>	Name of Buyer: <u>Publicly Traded Security</u>
Sales Price: _____	Cost or other basis (do not reduce by depreciation) <u>82,606.</u>
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>-82,606.</u>	Accumulation Depreciation: _____

Description of Property: <u>Call: Apple Computer</u>	
Date Acquired: <u>04/20/11</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>08/20/11</u>	Name of Buyer: <u>Publicly Traded Security</u>
Sales Price: <u>78,733.</u>	Cost or other basis (do not reduce by depreciation) <u>0.</u>
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>78,733.</u>	Accumulation Depreciation: _____

Description of Property: <u>Cash-In-Lieu Huntington-Ingalls</u>	
Date Acquired: <u>various</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>04/06/11</u>	Name of Buyer: <u>Publicly Traded Security</u>
Sales Price: <u>27.</u>	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>27.</u>	Accumulation Depreciation: _____

Description of Property: <u>Capital Gain Distributions</u>	
Date Acquired: <u>various</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>various</u>	Name of Buyer: <u>Publicly Traded Security</u>
Sales Price: <u>329.</u>	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>329.</u>	Accumulation Depreciation: _____

Description of Property: <u>Call: Apple Computer</u>	
Date Acquired: <u>08/11/11</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>08/20/11</u>	Name of Buyer: <u>Publicly Traded Security</u>
Sales Price: <u>0.</u>	Cost or other basis (do not reduce by depreciation) <u>97,606.</u>
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>-97,606.</u>	Accumulation Depreciation: _____

Description of Property: <u>Call: Apple Computer</u>	
Date Acquired: <u>08/11/11</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>11/19/11</u>	Name of Buyer: <u>Publicly Traded Security</u>
Sales Price: <u>9,549.</u>	Cost or other basis (do not reduce by depreciation) <u>0.</u>
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>9,549.</u>	Accumulation Depreciation: _____

Description of Property: <u>Call: Apple Computer</u>	
Date Acquired: <u>08/11/11</u>	How Acquired: <u>Purchased</u>
Date Sold: <u>11/19/11</u>	Name of Buyer: <u>Publicly Traded Security</u>
Sales Price: <u>76,385.</u>	Cost or other basis (do not reduce by depreciation) <u>0.</u>
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): <u>76,385.</u>	Accumulation Depreciation: _____

Description of Property: <u>See Net Gain or Loss from Sale of Assets</u>	
Date Acquired: _____	How Acquired: _____
Date Sold: _____	Name of Buyer: _____
Sales Price: _____	Cost or other basis (do not reduce by depreciation) _____
Sales Expense: _____	Valuation Method: _____
Total Gain (Loss): _____	Accumulation Depreciation: _____

Form 990-PF, Part I, Lines 6a

Net Gain or Loss from Sale of Assets**Asset Information:**

Description of Property	<u>Call: Apple Computer</u>		
Business Code	<u>Exclusion Code</u>		
Date Acquired	<u>08/11/11</u>	How Acquired	<u>Purchased</u>
Date Sold	<u>11/19/11</u>	Name of Buyer	<u>Publicly Traded Security</u>
Check Box, if Buyer is a Business	<input type="checkbox"/>		
Sales Price	<u>9,549.</u>	Cost or other basis (do not reduce by depreciation)	<u>0.</u>
Sales Expense	<u>Valuation Method</u>		
Total Gain (Loss)	<u>9,549.</u>	Accumulated Depreciation	<u></u>
Description of Property	<u>Call: Apple Computer</u>		
Business Code	<u>Exclusion Code</u>		
Date Acquired	<u>10/19/11</u>	How Acquired	<u>Purchased</u>
Date Sold	<u>11/19/11</u>	Name of Buyer	<u>Publicly Traded Security</u>
Check Box, if Buyer is a Business	<input type="checkbox"/>		
Sales Price	<u>0.</u>	Cost or other basis (do not reduce by depreciation)	<u>60,012.</u>
Sales Expense	<u>Valuation Method</u>		
Total Gain (Loss)	<u>-60,012.</u>	Accumulated Depreciation	<u></u>
Description of Property	<u>500 Shares of Apple Computer</u>		
Business Code	<u>Exclusion Code</u>		
Date Acquired	<u>12/27/04</u>	How Acquired	<u>Purchased</u>
Date Sold	<u>11/18/11</u>	Name of Buyer	<u>Publicly Traded Security</u>
Check Box, if Buyer is a Business	<input type="checkbox"/>		
Sales Price	<u>139,977.</u>	Cost or other basis (do not reduce by depreciation)	<u>17,958.</u>
Sales Expense	<u>Valuation Method</u>		
Total Gain (Loss)	<u>122,019.</u>	Accumulated Depreciation	<u></u>
Description of Property	<u>1,000 Shares of Intermec</u>		
Business Code	<u>Exclusion Code</u>		
Date Acquired	<u>02/25/05</u>	How Acquired	<u>Purchased</u>
Date Sold	<u>11/28/11</u>	Name of Buyer	<u>Publicly Traded Security</u>
Check Box, if Buyer is a Business	<input type="checkbox"/>		
Sales Price	<u>6,983.</u>	Cost or other basis (do not reduce by depreciation)	<u>24,858.</u>
Sales Expense	<u>Valuation Method</u>		
Total Gain (Loss)	<u>-17,875.</u>	Accumulated Depreciation	<u></u>
Description of Property	<u>166 Shares of Huntington Ingalls</u>		
Business Code	<u>Exclusion Code</u>		
Date Acquired	<u>11/04/08</u>	How Acquired	<u>Purchased</u>
Date Sold	<u>11/28/11</u>	Name of Buyer	<u>Publicly Traded Security</u>
Check Box, if Buyer is a Business	<input type="checkbox"/>		
Sales Price	<u>5,045.</u>	Cost or other basis (do not reduce by depreciation)	<u>0.</u>
Sales Expense	<u>Valuation Method</u>		
Total Gain (Loss)	<u>5,045.</u>	Accumulated Depreciation	<u></u>

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

Line 18 Stmt

Taxes	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
Federal Taxes	262.	262.		
Foreign Taxes	455.	455.		

Total 717. 717.

Form 990-PF, Page 1, Part I

Line 16b - Accounting Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Bobby J. Willis	Accounting/Tax Prepar	3,325.	1,663.		

Total 3,325. 1,663.

Form 990-PF, Page 1, Part I

Line 16c - Other Professional Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Jackson Management,	Management Fee	13,000.	6,500.		

Total 13,000. 6,500.

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

L-10b Stmt

Line 10b - Investments - Corporate Stock:	End of Year	
	Book Value	Fair Market Value
See Attached Statement for Detail	845,374.	1,663,071.
Total	<u>845,374.</u>	<u>1,663,071.</u>

Supporting Statement of:

Form 990-PF, pl/Line 1(a)

Description	Amount
Vanguard US Growth Fund	8,044.
Total	8,044.

BETTY & JAMES K. STONE FOUNDATION

EIN: 57-0958629

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

2011

DESCRIPTION	DIVIDENDS
1. 3M COMPANY -	2,200
2. ALTRIA GROUP INC. -	1,550
3. AT&T INC. -	3,440
4. CISCO SYSTEMS INC.	180
5. COUSINS PROPERTIES INC -	108
6. C. R. BARD INC. -	740
7. DUKE ENERGY -	990
8. EXXON MOBILE CORP -	1,850
9. GENERAL ELECTRIC -	580
10. GOLDMAN SACKS -	352
11. HALLIBURTON -	360
12. KRAFT FOODS -	802
13. NORTHROP GRUMMAN CORP -	1,970
14. NYSE EURONEXT -	90
15. OCCIDENTAL PETROLEUM -	3,520
16. PEPSICO INC -	1,990
17. PFIZER -	1,194
18. PHILLIP MORRIS INTERNATIONAL -	2,690
19. REGIONS FINANCIAL -	40
20. SANOFI AVENTIS -	1,763
21. TOYOTA MOTOR CORP -	315
22. WELLS FARGO & CO -	960
 TOTAL ORDINARY DIVIDENDS -	 27,683
 TOTAL QUALIFIED DIVIDENDS -	 27,575

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

2011

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
1. 3M COMPANY	37,932	37,932	81,730
2. ALTRIA GROUP INC.	23,937	23,937	29,650
3. APPLE COMPUTER INC -	71,830	53,872	607,500
4. AT&T -	60,591	60,591	60,480
5. C. R. BARD INC.	69,084	69,084	85,500
6. CISCO SYSTEMS -	28,758	28,758	18,080
7. COUSINS PROP. -	18,413	18,413	10,261
8. DUKE ENERGY -	20,798	20,798	22,000
9. EXXON MOBILE -	38,059	38,059	84,760
10. FORD MOTOR -	22,648	22,648	21,520
10. GENERAL ELECTRIC -	28,598	28,598	17,910
12. GOLDMAN SACHS GROUP -	50,423	50,423	22,608
13. HALLIBURTON -	28,308	28,308	34,510
14. KRAFT FOODS -	0	0	25,853
15. INTERMEC INC. -	24,858	0	0
16. NORTHROP GRUMMAN CORP -	54,030	54,030	58,480
17. NYSE EURONEXT -	21,718	21,718	5,220
18. OCCIDENTAL PETROLEUM -	48,365	48,365	187,400
19. PEPSICO -	53,915	53,915	66,350
20. PFIZER -	24,110	24,110	32,287
21. PHILIP MORRIS -	0	0	78,480
22. REGIONS FINANCIAL -	29,878	29,878	4,300
23. SANOFI AVENTIS	43,803	43,803	36,540
25. TOYOTA MOTOR CORP -	29,930	29,930	16,533
28. WELLS FARGO & CO -	58,204	58,204	55,120
TOTALS -	888,190	845,374	1,663,071

STATEMENT 1:

BETTY & JAMES K. STONE FOUNDATION

EID: 57-0958629
YEAR 2011

FORM 990 PF: PART X: MINIMUM INVESTMENT RETURN:

MONTH	SECURITIES	CASH	OTHER	TOTAL
-----	-----	-----	-----	-----
JAN., 2011	1,697,670	102,658	0	1,800,328
FEB., 2011	1,745,004	103,772	0	1,848,776
MAR., 2011	1,747,753	103,472	0	1,851,225
APR., 2011	1,823,411	101,676	0	1,925,087
MAY, 2011	1,813,499	102,526	0	1,916,025
JUNE, 2011	1,775,794	102,811	0	1,878,605
JULY, 2011	1,779,006	104,927	0	1,883,933
AUG., 2011	1,700,951	103,934	0	1,804,885
SEPT., 2011	1,599,066	102,671	0	1,701,737
OCT., 2011	1,793,960	45,180	0	1,839,140
NOV., 2011	1,639,302	186,207	0	1,825,509
DEC., 2011	1,663,071	165,426	0	1,828,497
AVERAGE -	-----	-----	-----	-----
	1,731,541	110,438	0	1,841,979

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

DESCRIPTION	HOW ACQUIRED	DATE ACQUIRED	DATE SOLD	SALES PRICE	BASIS	TO WHOM SOLD	DEPRECIATION	GAIN/LOSS	BEGINNING	ENDING	CHANGES IN BOOK VALUE	GAIN/LOSS
1. CALL: APPLE COMPUTER	PURCHASED	04/11/11	04/16/11	0	82,606	PUBLICLY TRADED SECURITY	0	(82,606)	0	0	0	0
2. CALL: APPLE COMPUTER	PURCHASED	04/20/11	08/20/11	78,733	0	PUBLICLY TRADED SECURITY	0	78,733	0	0	0	0
3. CASH-IN-LIEU HUNTINGTON-INGALLS	PURCHASED	VARIOUS	04/06/11	27	0	PUBLICLY TRADED SECURITY	0	27	0	0	0	0
4. CAPITAL DISTRIBUTIONS	PURCHASED	VARIOUS	VARIOUS	329	0	PUBLICLY TRADED SECURITY	0	329	0	0	0	0
5. CALL: APPLE COMPUTER	PURCHASED	08/11/11	08/20/11	0	97,606	PUBLICLY TRADED SECURITY	0	(97,606)	0	0	0	0
6. CALL: APPLE COMPUTER	PURCHASED	08/11/11	11/19/11	9,549	0	PUBLICLY TRADED SECURITY	0	9,549	0	0	0	0
7. CALL: APPLE COMPUTER	PURCHASED	08/11/11	11/19/11	76,385	0	PUBLICLY TRADED SECURITY	0	76,385	0	0	0	0
8. CALL: APPLE COMPUTER	PURCHASED	08/11/11	11/19/11	9,549	0	PUBLICLY TRADED SECURITY	0	9,549	0	0	0	0
9. CALL: APPLE COMPUTER	PURCHASED	10/19/11	11/19/11	0	60,012	PUBLICLY TRADED SECURITY	0	(60,012)	0	0	0	0
10. SOLD 500 SHARES OF APPLE COMPUTER	PURCHASED	12/27/04	11/18/11	139,977	17,958	PUBLICLY TRADED SECURITY	0	122,019	71,830	53,872	(17,958)	
11. SOLD 1,000 SHARES OF INTERMCC	PURCHASED	02/25/05	11/28/11	6,983	24,858	PUBLICLY TRADED SECURITY	0	(17,875)	24,858	0	(24,858)	
12. SOLD 166 SHARES OF HUNTINGTON INGALLS	PURCHASED	11/04/08	11/28/11	5,045	0	PUBLICLY TRADED SECURITY	0	5,045	0	0	0	
13.												
14.												
15.												
16.												
17.												
18.												
19.												
20.												
22.												
23.												
				326,577	283,040			43,537				(42,816)