

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

**2008**

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 **2008**, or tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

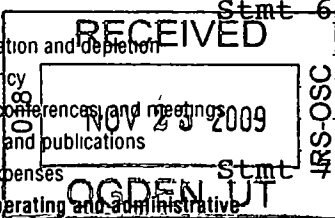
**G** Check all that apply:  Initial return  Final return  Amended return  Address change  Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation <b>THE STEPPING STONES FOUNDATION</b> Number and street (or P O box number if mail is not delivered to street address) Room/suite <b>PO BOX 452</b> City or town, state, and ZIP code <b>BEDFORD HILLS, NY 10507</b>	A Employer identification number <b>13-3031164</b> B Telephone number <b>914-232-4822</b>
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		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"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ <b>6,522,185.</b> (Part I, column (d) must be on cash basis.)		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____		

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))</small>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>Revenue</b>	1 Contributions, gifts, grants, etc., received	126,252.			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	272,192.	272,192.	272,192.	Statement 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-75,402.			Statement 1
	b Gross sales price for all assets on line 6a	1,947,050.			
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain			0.	
	9 Income modifications <small>Gross sales less returns and allowances</small>				
	b Less Cost of goods sold				
c Gross profit or (loss)					
11 Other income	34,861.	0.	34,861.	Statement 3	
12 Total. Add lines 1 through 11	357,903.	272,192.	307,053.		
<b>Operating and Administrative Expenses</b>	13 Compensation of officers, directors, trustees, etc	84,539.	0.	0.	84,539.
	14 Other employee salaries and wages	47,944.	0.	0.	47,944.
	15 Pension plans, employee benefits	22,567.	0.	0.	22,567.
	16a Legal fees				
	b Accounting fees Stmt 4	6,500.	3,250.	3,250.	0.
	c Other professional fees Stmt 5	49,555.	44,328.	44,328.	5,227.
	17 Interest				
	18 Taxes Stmt 6	7,206.	0.	0.	7,206.
	19 Depreciation and depletion	3,528.	0.	3,528.	
	20 Occupancy	11,940.	0.	0.	11,940.
	21 Travel, conferences and meetings	5,434.	0.	0.	5,434.
	22 Printing and publications				
23 Other expenses Stmt	179,307.	0.	14,577.	168,592.	
24 Total operating and administrative expenses. Add lines 13 through 23	418,520.	47,578.	65,683.	353,449.	
25 Contributions, gifts, grants paid					
26 Total expenses and disbursements Add lines 24 and 25	418,520.	47,578.	65,683.	353,449.	
27 Subtract line 26 from line 12	-60,617.				
a Excess of revenue over expenses and disbursements					
b Net investment income (if negative, enter -0-)		224,614.			
c Adjusted net income (if negative, enter -0-)			241,370.		

LHA For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year	End of year	
				(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash - non-interest-bearing		95,816.		
	2	Savings and temporary cash investments		96,169.	198,066.	198,066.
	3	Accounts receivable ▶	57,971.			
		Less allowance for doubtful accounts ▶		39,470.	57,971.	57,971.
	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		15,955.	16,424.	16,424.
	9	Prepaid expenses and deferred charges		2,989.	2,097.	2,097.
	10a	Investments - U S and state government obligations Stmt 8		271,862.	283,689.	283,689.
	b	Investments - corporate stock Stmt 9		4,610,377.	2,916,365.	2,916,365.
	c	Investments - corporate bonds Stmt 10		1,581,303.	1,455,417.	1,455,417.
11	Investments - land, buildings, and equipment basis ▶					
	Less accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other Stmt 11		237,491.	161,815.	161,815.	
14	Land, buildings, and equipment basis ▶ 1,558,429.					
	Less accumulated depreciation Stmt 12 ▶	128,088.	1,433,869.	1,430,341.	1,430,341.	
15	Other assets (describe ▶)					
16	<b>Total assets (to be completed by all filers)</b>		8,385,301.	6,522,185.	6,522,185.	
Liabilities	17	Accounts payable and accrued expenses		22,641.	35,141.	
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable				
	22	Other liabilities (describe ▶)				
23	<b>Total liabilities (add lines 17 through 22)</b>		22,641.	35,141.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>					
	and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted		8,299,168.	6,403,491.	
	25	Temporarily restricted		63,492.	83,553.	
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/>					
	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					
30	<b>Total net assets or fund balances</b>		8,362,660.	6,487,044.		
31	<b>Total liabilities and net assets/fund balances</b>		8,385,301.	6,522,185.		

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	8,362,660.
2	Enter amount from Part I, line 27a	2	-60,617.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	8,302,043.
5	Decreases not included in line 2 (itemize) ▶ CHANGE IN UNREALIZED APPRECIATION	5	1,814,999.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	6,487,044.

**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)
<b>1a PUBLICLY TRADED SECURITIES</b>				
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 1,947,050.		2,022,452.	-75,402.	
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) 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			-75,402.	
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 -75,402.
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 -75,402.

**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))
2007	291,661.	6,556,541.	.044484
2006	264,838.	5,956,423.	.044463
2005	257,284.	5,705,648.	.045093
2004	232,779.	5,506,914.	.042270
2003	228,801.	5,032,704.	.045463
2 Total of line 1, column (d)			2 .221773
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 .044355
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5			4 6,058,678.
5 Multiply line 4 by line 3			5 268,733.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 2,246.
7 Add lines 5 and 6			7 270,979.
8 Enter qualifying distributions from Part XII, line 4			8 353,449.

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling letter _____ (attach copy of ruling letter if necessary-see instructions)		
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	2,246.
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	2,246.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	0.
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-	5	2,246.
6	Credits/Payments		
a	2008 estimated tax payments and 2007 overpayment credited to 2008	6a	2,500.
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	2,500.
8	Enter any <b>penalty</b> for underpayment of estimated tax Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	18.
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>	9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>	10	236.
11	Enter the amount of line 10 to be <b>Credited to 2009 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input checked="" type="checkbox"/>	11	0.

**Part VII-A Statements Regarding Activities**

	Yes	No
1a		X
1b		X
1c		X
d		
e		
2		X
3		X
4a		X
4b		
5		X
6	X	
7	X	
8a		
8b	X	
9	X	
10		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)		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► WWW.STEPPINGSTONES.ORG	X	
14	The books are in care of ► The Foundation Telephone no ► 914-232-4822 Located at ► PO BOX 452, BEDFORD HILLS, NY ZIP+4 ► 10507		
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

**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 checked="" type="checkbox"/> Yes <input 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 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2008?	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 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ►		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions) N/A	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ►		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2008 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 2008) 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 2008?	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)?  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)?  Yes  No  
 Organizations relying on a current notice regarding disaster assistance check here  N/A

**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).  N/A

**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?  Yes  No  
 If you answered "Yes" to 6b, also file Form 8870

**7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?  Yes  No

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

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

**1** List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Statement 13		84,539.	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

**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	
<b>Total.</b> Add lines 1 through 3	0.

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

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
<b>a</b>	Average monthly fair market value of securities	<b>1a</b>	5,934,295.
<b>b</b>	Average of monthly cash balances	<b>1b</b>	149,194.
<b>c</b>	Fair market value of all other assets	<b>1c</b>	67,453.
<b>d</b>	Total (add lines 1a, b, and c)	<b>1d</b>	6,150,942.
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1e</b>	0.
<b>2</b>	Acquisition indebtedness applicable to line 1 assets	<b>2</b>	0.
<b>3</b>	Subtract line 2 from line 1d	<b>3</b>	6,150,942.
<b>4</b>	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	<b>4</b>	92,264.
<b>5</b>	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	<b>5</b>	6,058,678.
<b>6</b>	Minimum investment return. Enter 5% of line 5	<b>6</b>	302,934.

**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 )

<b>1</b>	Minimum investment return from Part X, line 6	<b>1</b>	
<b>2a</b>	Tax on investment income for 2008 from Part VI, line 5	<b>2a</b>	
<b>2b</b>	Income tax for 2008 (This does not include the tax from Part VI)	<b>2b</b>	
<b>c</b>	Add lines 2a and 2b	<b>2c</b>	
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1	<b>3</b>	
<b>4</b>	Recoveries of amounts treated as qualifying distributions	<b>4</b>	
<b>5</b>	Add lines 3 and 4	<b>5</b>	
<b>6</b>	Deduction from distributable amount (see instructions)	<b>6</b>	
<b>7</b>	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	<b>7</b>	

**Part XII** Qualifying Distributions (see instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
<b>a</b>	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	<b>1a</b>	353,449.
<b>b</b>	Program-related investments - total from Part IX-B	<b>1b</b>	0.
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the		
<b>a</b>	Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4</b>	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	353,449.
<b>5</b>	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	<b>5</b>	2,246.
<b>6</b>	Adjusted qualifying distributions. Subtract line 5 from line 4	<b>6</b>	351,203.

**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 2007	(c) 2007	(d) 2008
<b>1</b> Distributable amount for 2008 from Part XI, line 7				0.
<b>2</b> Undistributed income, if any, as of the end of 2007				
<b>a</b> Enter amount for 2007 only			0.	
<b>b</b> Total for prior years		0.		
<b>3</b> Excess distributions carryover, if any, to 2008				
<b>a</b> From 2003				
<b>b</b> From 2004				
<b>c</b> From 2005				
<b>d</b> From 2006				
<b>e</b> From 2007				
<b>f</b> Total of lines 3a through e	0.			
<b>4</b> Qualifying distributions for 2008 from Part XII, line 4 ▶ \$ <u>N/A</u>				
<b>a</b> Applied to 2007, but not more than line 2a			0.	
<b>b</b> Applied to undistributed income of prior years (Election required - see instructions)		0.		
<b>c</b> Treated as distributions out of corpus (Election required - see instructions)	0.			
<b>d</b> Applied to 2008 distributable amount				0.
<b>e</b> Remaining amount distributed out of corpus	0.			
<b>5</b> Excess distributions carryover applied to 2008 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
<b>6</b> Enter the net total of each column as indicated below:	0.			
<b>a</b> Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
<b>b</b> Prior years' undistributed income Subtract line 4b from line 2b		0.		
<b>c</b> Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
<b>d</b> Subtract line 6c from line 6b Taxable amount - see instructions		0.		
<b>e</b> Undistributed income for 2007 Subtract line 4a from line 2a Taxable amount - see instr			0.	
<b>f</b> Undistributed income for 2008 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2009				0.
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
<b>8</b> Excess distributions carryover from 2003 not applied on line 5 or line 7	0.			
<b>9</b> Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	0.			
<b>10</b> Analysis of line 9				
<b>a</b> Excess from 2004				
<b>b</b> Excess from 2005				
<b>c</b> Excess from 2006				
<b>d</b> Excess from 2007				
<b>e</b> Excess from 2008				

**Part XIV Private Operating Foundations** (see instructions and Part VII-A, question 9)

**1 a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2008, enter the date of the ruling ▶ 09/15/91  
**b** Check box to indicate whether the foundation is a private operating foundation described in section  4942(j)(3) or  4942(j)(5)

	Tax year				(e) Total
	(a) 2008	(b) 2007	(c) 2006	(d) 2005	
<b>2 a</b> Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	241,370.	227,297.	232,771.	192,208.	893,646.
<b>b</b> 85% of line 2a	205,165.	193,202.	197,855.	163,377.	759,599.
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed	353,449.	291,661.	268,725.	260,761.	1,174,596.
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities	0.	0.	0.	0.	0.
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c	353,449.	291,661.	268,725.	260,761.	1,174,596.
<b>3</b> Complete 3a, b, or c for the alternative test relied upon					
<b>a</b> "Assets" alternative test - enter					
<b>(1)</b> Value of all assets					0.
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)					0.
<b>b</b> "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	201,956.	218,551.	198,547.	190,188.	809,242.
<b>c</b> "Support" alternative test - enter					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					0.
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0.
<b>(3)</b> Largest amount of support from an exempt organization					0.
<b>(4)</b> Gross investment income					0.

**Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see the instructions.)**

**1 Information Regarding Foundation Managers:**

**a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))

None

**b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

None

**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here  if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

**a** The name, address, and telephone number of the person to whom applications should be addressed  
 ANNAH PERCH, EXECUTIVE DIRECTOR, 914-232-4822  
 C/O THE STEPPING STONES FOUNDATION, BEDFORD HILLS, NY 10507

**b** The form in which applications should be submitted and information and materials they should include  
 THERE ARE NO FORMAL GUIDELINES FOR GRANT APPLICATIONS.

**c** Any submission deadlines  
 NONE

**d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors  
 STEPPING STONES IS AN OPERATING FOUNDATION, SO FUNDS FOR GRANTS ARE LIMITED.

**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
<p>a <i>Paid during the year</i></p> <p style="text-align: center;">None</p>				
<b>Total</b>				▶ 3a 0.
<p>b <i>Approved for future payment</i></p> <p style="text-align: center;">None</p>				
<b>Total</b>				▶ 3b 0.





2008 DEPRECIATION AND AMORTIZATION REPORT  
 Form 990-PF Page 1

990-PF

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
1	LAND & BUILDINGS	100588L				1400000.			1400000.			0.
2	BUILDING IMPROVEMENTS	VariesSL		27.50	17	90,147.			90,147.	57,528.		3,278.
3	DRIVEWAY	VariesSL		20.00	17	5,000.			5,000.	3,750.		250.
4	HEATING SYSTEM	VariesSL		7.00	17	8,100.			8,100.	8,100.		0.
5	EQUIPMENT	VariesSL		7.00	17	18,364.			18,364.	18,364.		0.
6	EQUIPMENT	VariesSL		5.00	17	32,429.			32,429.	32,429.		0.
7	EQUIPMENT	010197SL		5.00	17	4,389.			4,389.	4,389.		0.
	* Total 990-PF Pg 1 Depr					1558429.		0.	1558429.	124,560.	0.	3,528.

Form 990-PF Gain or (Loss) from Sale of Assets Statement 1

(a) Description of Property	(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	(e) Manner Acquired Date Acquired	(f) Date Sold Gain or Loss
PUBLICLY TRADED SECURITIES					
	1,947,050.	2,022,452.	0.	0.	-75,402.
Capital Gains Dividends from Part IV					0.
Total to Form 990-PF, Part I, line 6a					-75,402.

Form 990-PF Dividends and Interest from Securities Statement 2

Source	Gross Amount	Capital Gains Dividends	Column (A) Amount
DIVIDENDS & INTEREST ON SECURITIES	272,192.	0.	272,192.
Total to Fm 990-PF, Part I, ln 4	272,192.	0.	272,192.

Form 990-PF Other Income Statement 3

Description	(a) Revenue Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income
ROYALTIES ON BOOK	341.	0.	341.
PRODUCT SALES	34,520.	0.	34,520.
Total to Form 990-PF, Part I, line 11	34,861.	0.	34,861.

Form 990-PF	Accounting Fees			Statement	4
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
OWEN J FLANAGAN & CO - ACCOUNTING & TAX	6,500.	3,250.	3,250.	0.	
To Form 990-PF, Pg 1, ln 16b	6,500.	3,250.	3,250.	0.	

Form 990-PF	Other Professional Fees			Statement	5
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
MORSE WILLIAMS - INV. ADVISORY	44,328.	44,328.	44,328.	0.	
OTHER	3,923.	0.	0.	3,923.	
SPICER ART	1,304.	0.	0.	1,304.	
To Form 990-PF, Pg 1, ln 16c	49,555.	44,328.	44,328.	5,227.	

Form 990-PF	Taxes			Statement	6
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
EXCISE	7,206.	0.	0.	7,206.	
To Form 990-PF, Pg 1, ln 18	7,206.	0.	0.	7,206.	



Form 990-PF	Other Expenses			Statement	7
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
REPAIRS & MAINTENANCE	73,234.	0.	0.	73,234.	
ARCHIVES	3,275.	0.	0.	3,275.	
ANNUAL PICNIC	4,914.	0.	0.	4,914.	
INSURANCE	14,998.	0.	0.	14,998.	
OFFICE	16,879.	0.	0.	16,879.	
BANK FEES	283.	0.	0.	283.	
PRODUCTS	14,577.	0.	14,577.	14,577.	
INTERPRETIVE PLAN	253.	0.	0.	253.	
VISITORS & COMMUNITY RELATIONS	5,848.	0.	0.	5,848.	
MISC	2,530.	0.	0.	2,530.	
FUNDRAISING	10,715.	0.	0.	0.	
HISTORIC PRESERVATION COSTS	31,801.	0.	0.	31,801.	
To Form 990-PF, Pg 1, ln 23	179,307.	0.	14,577.	168,592.	

Form 990-PF	U.S. and State/City Government Obligations			Statement	8
Description	U.S. Gov't	Other Gov't	Book Value	Fair Market Value	
US GOVERNMENT BONDS #14	X		283,689.	283,689.	
Total U.S. Government Obligations			283,689.	283,689.	
Total State and Municipal Government Obligations					
Total to Form 990-PF, Part II, line 10a			283,689.	283,689.	

Form 990-PF	Corporate Stock		Statement	9
Description			Book Value	Fair Market Value
CORPORATE STOCK STMT #14			2,916,365.	2,916,365.
Total to Form 990-PF, Part II, line 10b			2,916,365.	2,916,365.

Form 990-PF	Corporate Bonds	Statement	10
Description	Book Value	Fair Market Value	
CORPORATE BONDS STMT #14	1,455,417.	1,455,417.	
Total to Form 990-PF, Part II, line 10c	1,455,417.	1,455,417.	

Form 990-PF	Other Investments	Statement	11
Description	Valuation Method	Book Value	Fair Market Value
MUTUAL FUNDS	FMV	161,815.	161,815.
Total to Form 990-PF, Part II, line 13		161,815.	161,815.

Form 990-PF	Depreciation of Assets Not Held for Investment	Statement	12
Description	Cost or Other Basis	Accumulated Depreciation	Book Value
LAND & BUILDINGS	1,400,000.	0.	1,400,000.
BUILDING IMPROVEMENTS	90,147.	60,806.	29,341.
DRIVEWAY	5,000.	4,000.	1,000.
HEATING SYSTEM	8,100.	8,100.	0.
EQUIPMENT	18,364.	18,364.	0.
EQUIPMENT	32,429.	32,429.	0.
EQUIPMENT	4,389.	4,389.	0.
Total To Fm 990-PF, Part II, ln 14	1,558,429.	128,088.	1,430,341.

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Form 990-PF Part VIII - List of Officers, Directors Trustees and Foundation Managers Statement 13

Name and Address	Title and Avrg Hrs/Wk	Compen-sation	Employee Ben Plan Contrib	Expense Account
MAUREEN SULLIVAN NEW YORK, NY 10014	TRUSTEE 1.00	0.	0.	0.
MICHAEL KELLY SHARON, CT 06069	PRESIDENT 1.00	0.	0.	0.
JEAN HEINRICH NEW YORK, NY 10021	SECRETARY 1.00	0.	0.	0.
ROBERT HOGUET NEW YORK, NY 10021	TRUSTEE 1.00	0.	0.	0.
JOHN KOSTER NEW YORK, NY 10021	TREASURER 1.00	0.	0.	0.
JOHNNY W. ALLEM WASHINGTON, DC 20045	TRUSTEE 1.00	0.	0.	0.
DON HARRELL NEW YORK, NY 10028	VICE PRESIDENT 1.00	0.	0.	0.
ANNAH PERCH BEDFORD HILLS, NY 10507	EXECUTIVE DIRECTOR 40.00	84,539.	0.	0.
JAMES MOOGAN CARMEL, NY 10512	TRUSTEE 1.00	0.	0.	0.
Totals included on 990-PF, Page 6, Part VIII		84,539.	0.	0.

**Morse, Williams & Company**  
**PORTFOLIO APPRAISAL**  
**THE STEPPING STONES FOUNDATION**  
**R2514**  
**31-Dec-08**

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Cur. Yield
<b>CASH EQUIV</b>							
	CASH ACCOUNT		\$ 37,134.81		\$ 37,134.81	0.8	1.2
			\$ 37,134.81		\$ 37,134.81	0.8	1.2
<b>GOVT BONDS</b>							
50000	US TSY BI 7.500% Due 11-15-16	98.73	\$ 49,365.63	\$ 136.53	\$ 68,265.50	1.4	5.5
40000	FED HOMI 6.000% Due 06-15-17	100	\$ 40,000.00	\$ 101.84	\$ 40,737.60	0.8	5.9
50000	US TSY BI 8.125% Due 08-15-19	100.37	\$ 50,187.50	\$ 147.80	\$ 73,898.50	1.5	5.5
50000	FEDERAL 5.000% Due 03-27-20	99.58	\$ 49,792.00	\$ 100.38	\$ 50,188.00	1	5
50000	FEDERAL 6.000% Due 06-30-23	99.5	\$ 49,750.00	\$ 101.20	\$ 50,599.50	1	5.9
	Accrued Interest				\$ <u>2,789.13</u>	0.1	
			\$ 239,095.13		\$ 286,478.23	5.8	5.5
<b>CORPORATE BONDS</b>							
200000	FORD MTF 7.375% Due 10-28-09	99.58	\$ 199,155.00	\$ 87.82	\$ 175,644.00	3.6	8.4
200000	MOTOROL 7.625% Due 11-15-10	97.97	\$ 195,937.50	\$ 88.95	\$ 177,900.00	3.6	8.6
125000	BOEING C 6.100% Due 03-01-11	103.44	\$ 129,306.25	\$ 101.25	\$ 126,567.50	2.6	6
50000	WESTERN 5.400% Due 11-17-11	95.62	\$ 47,812.50	\$ 96.12	\$ 48,059.00	1	5.6
50000	MERRILL I 6.050% Due 08-15-12	101.09	\$ 50,543.00	\$ 98.66	\$ 49,329.00	1	6.1
50000	CATERPIL 5.000% Due 11-15-12	100	\$ 50,000.00	\$ 96.86	\$ 48,431.50	1	5.2
50000	KIMBERLY 5.000% Due 08-15-13	97.58	\$ 48,788.00	\$ 102.68	\$ 51,341.50	1	4.9
50000	MAY DEPT 7.625% Due 08-15-13	102.57	\$ 51,283.00	\$ 71.33	\$ 35,664.50	0.7	10.7
100000	DU PONT 5.875% Due 01-15-14	100	\$ 100,000.00	\$ 102.96	\$ 102,957.00	2.1	5.7

STMT #14

100000 B F SAUL I	96.09	\$	96,087.00	\$	90.50	\$	90,500.00	1.8	8.3
7.500% Due 03-01-14									
100000 CB HARRI	96.97	\$	96,967.76	\$	83.09	\$	83,094.00	1.7	6
5.000% Due 10-01-15									
100000 CVS CORP	100.84	\$	100,844.07	\$	96.88	\$	96,883.00	2	6.3
6.125% Due 08-15-16									
100000 SUNOCO I	98.7	\$	98,700.00	\$	83.11	\$	83,107.00	1.7	6.9
5.750% Due 01-15-17									
50000 KRAFT FO	101.68	\$	50,842.50	\$	100.51	\$	50,257.00	1	6.5
6.500% Due 08-11-17									
50000 AMERICAN	99.25	\$	49,625.00	\$	96.41	\$	48,203.00	1	6.4
6.150% Due 08-28-17									
50000 GENERAL	99	\$	49,500.00	\$	96.55	\$	48,277.00	1	5.7
5.500% Due 12-18-18									
50000 FORD MTI	107	\$	53,500.00	\$	24.00	\$	12,000.00	0.2	37
8.875% Due 01-15-22									
Accrued Interest						\$	<u>1,328,215</u> 39,886.60	0.8	
			\$ 1,468,891.58			\$	1,368,101.60	27.9	7.2

#### FOREIGN BONDS

100000 HYDRO-QI	98.4	\$	98,397.50	\$	127.20	\$	127,202.00	2.6	5.9
7.500% Due 04-01-16									
Accrued Interest						\$	1,875.00	0	
			\$ 98,397.50			\$	129,077.00	2.6	5.9

Total Bonds

1,455,417

#### PREFERRED STOCK

2500 AEGON N	21.33	\$	53,315.23	\$	9.83	\$	24,575.00	0.5	16.2
2500 BARCLAY	22.92	\$	57,293.33	\$	12.55	\$	31,375.00	0.6	13.2
2000 GENERAL	24.5	\$	48,991.00	\$	21.15	\$	42,300.00	0.9	7.1
2500 HSBC HOL	21.2	\$	53,003.89	\$	18.58	\$	46,450.00	0.9	8.3
5000 PMA CAPI	9.48	\$	47,411.25	\$	7.65	\$	38,250.00	0.8	11.1
2500 ROYAL BK	20.96	\$	52,411.00	\$	8.79	\$	21,975.00	0.4	19.2
1500 WELLS FA	24.95	\$	37,428.38	\$	25.11	\$	37,664.85	0.8	7.8
			\$ 349,854.08			\$	242,589.85	5	10.9

#### COMMON STOCK

600 3M CO CO	78.7	\$	47,221.00	\$	57.54	\$	34,524.00	0.7	3.5
500 ABBOTT L	49.8	\$	24,897.64	\$	53.37	\$	26,685.00	0.5	3
500 ACCENTU	39.23	\$	19,617.00	\$	32.79	\$	16,395.00	0.3	1.5
500 ADMINIST.	33.91	\$	16,953.84	\$	21.68	\$	10,840.00	0.2	2.4
600 AETNA INC	50.74	\$	30,441.86	\$	28.50	\$	17,100.00	0.3	0.1
600 AFLAC INC	42.69	\$	25,613.60	\$	45.84	\$	27,504.00	0.6	2.4
500 AIR PROD	61.24	\$	30,619.20	\$	50.27	\$	25,135.00	0.5	3.5
900 AMERICA	17.17	\$	15,453.49	\$	30.99	\$	27,891.00	0.6	1.7
300 APPLE INC	83.17	\$	24,950.00	\$	85.35	\$	25,605.00	0.5	0
1200 AT&T INC	25.01	\$	30,009.27	\$	28.50	\$	34,200.00	0.7	5.8

400 ATHEROS	22.95	\$	9,181.00	\$	14.31	\$	5,724.00	0.1	0
1000 B P PRUDI	50.7	\$	50,698.57	\$	73.34	\$	73,340.00	1.5	16
1000 BANK OF ,	15.7	\$	15,699.60	\$	14.08	\$	14,080.00	0.3	0.3
500 BAXTER II	63.15	\$	31,573.00	\$	53.59	\$	26,795.00	0.5	1.9
300 BHP LTD	27.46	\$	8,238.60	\$	42.90	\$	12,870.00	0.3	3.8
1000 BLACKSTC	19.51	\$	19,512.97	\$	6.53	\$	6,530.00	0.1	0
600 BOEING C	62.1	\$	37,260.70	\$	42.67	\$	25,602.00	0.5	3.9
1000 BRISTOL-I	28.46	\$	28,457.44	\$	23.25	\$	23,250.00	0.5	5.3
500 BURLINGT	65.55	\$	32,773.09	\$	75.71	\$	37,855.00	0.8	2.1
350 CAPITAL C	48.14	\$	16,847.37	\$	31.89	\$	11,161.50	0.2	4.7
750 CATERPIL	34.63	\$	25,972.12	\$	44.67	\$	33,502.50	0.7	3.8
1000 CHEVRON	41.84	\$	41,837.00	\$	73.97	\$	73,970.00	1.5	3.5
800 CHUBB CC	52.82	\$	42,256.52	\$	51.00	\$	40,800.00	0.8	2.7
1000 CISCO SY	21.52	\$	21,524.00	\$	16.30	\$	16,300.00	0.3	0
200 COCA - CC	55.71	\$	11,143.00	\$	45.27	\$	9,054.00	0.2	3.6
200 COMCAST	20.36	\$	4,072.55	\$	16.88	\$	3,376.00	0.1	1.5
400 COMPUTE	47.21	\$	18,884.29	\$	35.14	\$	14,056.00	0.3	0
500 CONOCOF	62.18	\$	31,089.00	\$	51.80	\$	25,900.00	0.5	3.6
1200 CROSS TII	30.6	\$	36,725.50	\$	27.85	\$	33,420.00	0.7	4.5
700 CUMMINS	28.89	\$	20,220.75	\$	26.73	\$	18,711.00	0.4	2.6
1100 D T E ENE	43.39	\$	47,733.46	\$	35.67	\$	39,237.00	0.8	5.9
1000 DARDEN F	31.29	\$	31,294.69	\$	28.18	\$	28,180.00	0.6	2.8
1500 DIANA SHI	18.62	\$	27,935.97	\$	12.77	\$	19,155.00	0.4	0
400 DIRECTV I	26.43	\$	10,574.00	\$	22.91	\$	9,164.00	0.2	0
500 DOMINION	37.11	\$	18,557.00	\$	35.84	\$	17,920.00	0.4	4.9
1000 DOW CHE	43.94	\$	43,938.72	\$	15.09	\$	15,090.00	0.3	4
700 DPS CHIN.	27.24	\$	19,067.06	\$	50.85	\$	35,595.00	0.7	3.2
800 DU PONT	47.09	\$	37,672.30	\$	25.30	\$	20,240.00	0.4	6.5
2800 DUKE ENE	17.1	\$	47,879.41	\$	15.01	\$	42,028.00	0.9	6.1
42289 ELOT INC	1.9	\$	80,500.00	\$	0.72	\$	30,448.08	0.6	0
700 EMBARQ C	44.55	\$	31,187.50	\$	35.96	\$	25,172.00	0.5	7.6
1000 EMERSON	34.96	\$	34,957.52	\$	36.61	\$	36,610.00	0.7	3.6
1000 EXXON MC	41	\$	41,002.60	\$	79.83	\$	79,830.00	1.6	2
400 FEDEX CC	74.97	\$	29,989.60	\$	64.15	\$	25,660.00	0.5	0.7
2500 FIDELITY I	16.2	\$	40,511.00	\$	17.75	\$	44,375.00	0.9	3.4
400 FIRSTENE	68.95	\$	27,580.00	\$	48.58	\$	19,432.00	0.4	4.5
400 FLUOR CC	43.6	\$	17,438.68	\$	44.87	\$	17,948.00	0.4	1.1
1000 GENERAL	34.71	\$	34,711.73	\$	16.20	\$	16,200.00	0.3	7.7
500 GENZYME	59.59	\$	29,792.97	\$	66.37	\$	33,185.00	0.7	0
500 GILEAD SC	25.56	\$	12,778.26	\$	51.14	\$	25,570.00	0.5	0
50 GOOGLE I	435.76	\$	21,787.85	\$	307.65	\$	15,382.50	0.3	0
500 HANSEN M	29.7	\$	14,850.13	\$	33.53	\$	16,765.00	0.3	0
350 HASBRO I	30.75	\$	10,761.00	\$	29.17	\$	10,209.50	0.2	2.7
800 HEWLETT	47.78	\$	38,224.19	\$	36.29	\$	29,032.00	0.6	0.9
300 HSBC HLC	87.04	\$	26,110.56	\$	48.67	\$	14,601.00	0.3	6.6
1200 INTEL COI	22.15	\$	26,577.50	\$	14.66	\$	17,592.00	0.4	3.8
200 INTERNAT	114.58	\$	22,915.20	\$	84.16	\$	16,832.00	0.3	2.4
500 INTERNAT	27.57	\$	13,785.82	\$	11.80	\$	5,900.00	0.1	0.8
1000 JOHNSON	56.17	\$	56,170.73	\$	59.83	\$	59,830.00	1.2	3.1
500 JP MORG/	43.18	\$	21,589.10	\$	31.53	\$	15,765.00	0.3	0.6
500 K L A - TEI	19.16	\$	9,582.05	\$	21.79	\$	10,895.00	0.2	2.8
500 KANSAS C	34.82	\$	17,412.00	\$	19.05	\$	9,525.00	0.2	0

700 KENNAME	32.78	\$	22,943.25	\$	22.19	\$	15,533.00	0.3	2.2
1400 KROGER (	25.93	\$	36,308.52	\$	26.41	\$	36,974.00	0.8	1.4
500 LOCKHEE	61.62	\$	30,809.86	\$	84.08	\$	42,040.00	0.9	2.7
2200 MACY'S IN	13.38	\$	29,442.95	\$	10.35	\$	22,770.00	0.5	1.9
2000 MARATHC	13.44	\$	26,870.33	\$	27.36	\$	54,720.00	1.1	3.5
1000 MC DONAL	30.24	\$	30,238.20	\$	62.19	\$	62,190.00	1.3	3.2
300 MEDCO HI	43.7	\$	13,111.00	\$	41.91	\$	12,573.00	0.3	0
500 MEDTRON	50.02	\$	25,009.00	\$	31.42	\$	15,710.00	0.3	2.4
1200 MERCK &	35.61	\$	42,737.86	\$	30.40	\$	36,480.00	0.7	5
1000 MICROSO	28.31	\$	28,306.60	\$	19.44	\$	19,440.00	0.4	2.7
400 NIKE INC (	67.6	\$	27,041.96	\$	51.00	\$	20,400.00	0.4	2
600 NORDSTR	34.47	\$	20,680.60	\$	13.31	\$	7,986.00	0.2	4.8
1000 NORTH EL	33.72	\$	33,721.47	\$	22.00	\$	22,000.10	0.4	19.3
550 NUCOR CI	54.88	\$	30,181.30	\$	46.20	\$	25,410.00	0.5	3
1500 ORACLE C	17.06	\$	25,587.61	\$	17.73	\$	26,595.00	0.5	0
200 OVERSEA	73.24	\$	14,648.83	\$	42.11	\$	8,422.00	0.2	4.2
1050 PACCAR II	34.01	\$	35,711.38	\$	28.60	\$	30,030.00	0.6	2.5
2000 PACKAGIN	26.87	\$	53,743.38	\$	13.46	\$	26,920.00	0.5	4.5
500 PEPSICO I	67.4	\$	33,699.00	\$	54.77	\$	27,385.00	0.6	3.1
1000 PFIZER IN	21.58	\$	21,578.90	\$	17.71	\$	17,710.00	0.4	3.6
500 QUALCOM	37.88	\$	18,938.00	\$	35.83	\$	17,915.00	0.4	1.8
300 QUEST DI	55.72	\$	16,717.16	\$	51.91	\$	15,573.00	0.3	0.8
1400 RAYONIEF	35.12	\$	49,172.99	\$	31.35	\$	43,890.00	0.9	6.4
1200 RPM INTE	17.59	\$	21,112.40	\$	13.29	\$	15,948.00	0.3	6
350 RYDER SY	60.89	\$	21,311.50	\$	38.78	\$	13,573.00	0.3	2.4
300 SAP AKIEF	54.04	\$	16,212.68	\$	36.22	\$	10,866.00	0.2	1.7
2000 SEAGATE	18.61	\$	37,225.94	\$	4.43	\$	8,860.00	0.2	8.8
1000 SPECTRA	19.6	\$	19,599.15	\$	15.74	\$	15,740.00	0.3	6.4
500 STAPLES	25.26	\$	12,629.92	\$	17.92	\$	8,960.00	0.2	1.8
850 SUNOCO I	58.12	\$	49,398.19	\$	43.46	\$	36,941.00	0.8	2.8
200 SUNPOWE	95.26	\$	19,051.87	\$	37.00	\$	7,400.00	0.2	0
1000 SYSCO CC	33.71	\$	33,713.50	\$	22.94	\$	22,940.00	0.5	4.2
1516 TAIWAN S	9.76	\$	14,800.13	\$	7.90	\$	11,976.40	0.2	4.9
500 TARGET C	44.77	\$	22,387.00	\$	34.53	\$	17,265.00	0.4	1.9
1500 TEXAS IN	23.49	\$	35,228.00	\$	15.52	\$	23,280.00	0.5	2.8
1000 TEXTRON	20.71	\$	20,706.82	\$	13.87	\$	13,870.00	0.3	0.6
500 TIDEWATE	54.43	\$	27,213.00	\$	40.27	\$	20,135.00	0.4	2.5
300 TIFFANY &	44.18	\$	13,254.73	\$	23.63	\$	7,089.00	0.1	2.9
1800 US BANCC	20.86	\$	37,547.06	\$	25.01	\$	45,018.00	0.9	0.8
700 V F CORP	45.93	\$	32,152.07	\$	54.77	\$	38,339.00	0.8	4.3
500 VALERO E	35.8	\$	17,901.04	\$	21.64	\$	10,820.00	0.2	2.8
1200 VERIZON I	30.82	\$	36,989.74	\$	33.90	\$	40,680.00	0.8	5.4
2000 W P CARE	28.76	\$	57,522.97	\$	23.43	\$	46,860.00	1	8.4
500 WAL MAR	49.77	\$	24,887.00	\$	56.06	\$	28,030.00	0.6	1.9
500 WALGREE	32.07	\$	16,036.21	\$	24.67	\$	12,335.00	0.3	1.8
1000 WASTE M.	34.14	\$	34,144.00	\$	33.14	\$	33,140.00	0.7	3.5
500 WESTERN	25.43	\$	12,717.00	\$	11.45	\$	5,725.00	0.1	0
1250 WORTHIN	21.23	\$	26,535.84	\$	11.02	\$	13,775.00	0.3	6.2

\$ 3,042,090.50

\$ 2,673,775.58

54.6

3.6

MUTUAL FUNDS

*Preferred*

*242,590*

*Total Stock*

*2,916,365*

STMT #14

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box  **X**
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

<b>Part II</b> <b>Additional (Not Automatic) 3-Month Extension of Time.</b> Only file the original (no copies needed).		
Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization	Employer identification number
	THE STEPPING STONES FOUNDATION	13-3031164
	Number, street, and room or suite no. If a P.O. box, see instructions. PO BOX 452	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BEDFORD HILLS, NY 10507	

- Check type of return to be filed (File a separate application for each return):
- |                                      |   |   |                                      |                                    |                                    |
|--------------------------------------|---|---|--------------------------------------|------------------------------------|------------------------------------|
| <input type="checkbox"/> Form 990    | <input type="checkbox"/> Form 990-EZ            | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 5227 | <input type="checkbox"/> Form 8870 |
| <input type="checkbox"/> Form 990-BL | <input checked="" type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 4720   | <input type="checkbox"/> Form 8069 |                                    |

**STOP!** Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

**The Foundation**

• The books are in the care of **PO BOX 452 - BEDFORD HILLS, NY 10507**  
 Telephone No. **914-232-4822** FAX No. \_\_\_\_\_

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the whole group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until **November 15, 2009.**

5 For calendar year **2008**, or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_.


6 If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

7 State in detail why you need the extension  
**THE ORGANIZATION IS STILL GATHERING INFORMATION TO FILE A COMPLETE AND ACCURATE RETURN.**

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	2,300.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	2,500.
c	<b>Balance Due.</b> Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature  Title **CFA** Date **8/14/09**