

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

**2007**

Department of the Treasury  
Internal Revenue Service (77)

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

For calendar year 2007, 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: **THE STEPPING STONES FOUNDATION**

Number and street (or P.O. box number if mail is not delivered to street address): **PO BOX 452**

Room/suite: \_\_\_\_\_

City or town, state, and ZIP code: **BEDFORD HILLS, NY 10507**

A Employer identification number: **13-3031164**

B Telephone number: **914-232-4822**

H Check type of organization:  Section 501(c)(3) exempt private foundation  
 Section 4947(a)(1) nonexempt charitable trust  Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16): **\$ 8,385,284.** (Part I, column (d) must be on cash basis.)

J Accounting method:  Cash  Accrual  
 Other (specify) \_\_\_\_\_

E If private foundation status was terminated under section 507(b)(1)(A), check here

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

**Part I Analysis of Revenue and Expenses**  
 (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amount in column (a))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>1</b> Contributions, gifts, grants, etc., received	95,419.			
<b>2</b> Check <input checked="" type="checkbox"/> If the foundation is not required to attach Sch B				
<b>3</b> Interest on savings and temporary cash investments				
<b>4</b> Dividends and interest from securities	248,925.	248,925.	248,925.	Statement 1
<b>5a</b> Gross rents				
<b>b</b> Net rental income or (loss)				
<b>6a</b> Net gain or (loss) from sale of assets not on line 10	289,497.			
<b>b</b> Gross sales price for all assets on line 6a	3,169,948.			
<b>7</b> Capital gain net income (from Part IV, line 2)		289,497.		
<b>8</b> Net short-term capital gain				
<b>9</b> Income modifications				
<b>10a</b> Gross sales less returns and allowances				
<b>b</b> Less: Cost of goods sold				
<b>c</b> Gross profit or (loss)				
<b>11</b> Other income	41,528.	0.	41,528.	Statement 2
<b>12</b> Total. Add lines 1 through 11	675,369.	538,422.	290,453.	
<b>13</b> Compensation of officers, directors, trustees, etc.	78,846.	0.	0.	78,846.
<b>14</b> Other employee salaries and wages	27,000.	0.	0.	27,000.
<b>15</b> Pension plans, employee benefits	15,370.	0.	0.	17,870.
<b>16a</b> Legal fees				
<b>b</b> Accounting fees Stmt 3	7,000.	3,500.	3,500.	6,100.
<b>c</b> Other professional fees Stmt 4	45,839.	45,239.	45,239.	600.
<b>17</b> Interest				
<b>18</b> Taxes Stmt 5	5,275.	0.	0.	2,775.
<b>19</b> Depreciation and depletion	3,528.	0.	3,528.	
<b>20</b> Occupancy				
<b>21</b> Travel, conferences, and meetings	1,520.	0.	0.	1,955.
<b>22</b> Printing and publications	15,660.	0.	10,889.	4,771.
<b>23</b> Other expenses Stmt 6	145,749.	0.	0.	151,744.
<b>24</b> Total operating and administrative expenses. Add lines 13 through 23	345,787.	48,739.	63,156.	291,661.
<b>25</b> Contributions, gifts, grants paid				
<b>26</b> Total expenses and disbursements. Add lines 24 and 25	345,787.	48,739.	63,156.	291,661.
<b>27</b> Subtract line 26 from line 12:				
<b>a</b> Excess of revenue over expenses and disbursements	329,582.			
<b>b</b> Net investment income (if negative, enter -0-)		489,683.		
<b>c</b> Adjusted net income (if negative, enter -0-)			227,297.	

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	(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash - non-interest-bearing		93,243.	95,816.	95,816.	
	2	Savings and temporary cash investments		27,627.	96,167.	96,167.	
	3	Accounts receivable	39,470.				
		Less: allowance for doubtful accounts		37,151.	39,470.	39,470.	
	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		10,869.	15,955.	15,955.	
	9	Prepaid expenses and deferred charges		16,950.	2,973.	2,973.	
	10a	Investments - U.S. and state government obligations	Stmt 7	414,366.	271,862.	271,862.	
	b	Investments - corporate stock	Stmt 8	4,410,841.	4,610,377.	4,610,377.	
	c	Investments - corporate bonds	Stmt 9	1,397,059.	1,581,304.	1,581,304.	
11	Investments - land, buildings, and equipment basis						
	Less: accumulated depreciation						
12	Investments - mortgage loans						
13	Investments - other	Stmt 10	0.	237,491.	237,491.		
14	Land, buildings, and equipment basis	1,558,429.					
	Less: accumulated depreciation	Stmt 11	124,560.	1,438,554.	1,433,869.	1,433,869.	
15	Other assets (describe)						
16	<b>Total assets (to be completed by all filers)</b>		7,846,660.	8,385,284.	8,385,284.		
Liabilities	17	Accounts payable and accrued expenses		38,569.	22,625.		
	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>		38,569.	22,625.			
Net Assets or Fund Balances	24	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/>					
		Unrestricted		7,782,426.	8,322,950.		
	25	Temporarily restricted		25,665.	39,709.		
	26	Permanently restricted					
		Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>					
	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>		7,808,091.	8,362,659.			
31	<b>Total liabilities and net assets/fund balances</b>		7,846,660.	8,385,284.			

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	7,808,091.
2	Enter amount from Part I, line 27a	2	329,582.
3	Other increases not included in line 2 (itemize) <b>CHANGE IN UNREALIZED APPRECIATION</b>	3	224,986.
4	Add lines 1, 2, and 3	4	8,362,659.
5	Decreases not included in line 2 (itemize)	5	0.
6	<b>Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30</b>	6	<b>8,362,659.</b>

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**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P - Purchase D - Donation	(e) 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 3,169,948.		2,880,451.	289,497.
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			289,497.
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	289,497.
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	0.

**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))
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
2002	233,247.	5,207,596.	.044790

2 Total of line 1, column (d) .....	2	.222079
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	.044416
4 Enter the net value of noncharitable-use assets for 2007 from Part X, line 5 .....	4	6,556,541.
5 Multiply line 4 by line 3 .....	5	291,215.
6 Enter 1% of net investment income (1% of Part I, line 27b) .....	6	4,897.
7 Add lines 5 and 6 .....	7	296,112.
8 Enter qualifying distributions from Part XII, line 4 .....	8	291,661.

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 type="checkbox"/> and enter 1% of Part I, line 27b		1	9,794.
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	9,794.
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	9,794.
6 Credits/Payments:			
a 2007 estimated tax payments and 2006 overpayment credited to 2007	6a	4,588.	
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	4,588.	
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	5,206.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be: Credited to 2008 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11		

**Part VII-A Statements Regarding Activities**

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <i>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.</i>		X
1c Did the foundation file Form 1120-POL for this year?		X
2 Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ 0. (2) On foundation managers <input type="checkbox"/> \$ 0.		
3 Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		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? <i>If "Yes," attach a conformed copy of the changes</i>		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year? <span style="float: right;">N/A</span>		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		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? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>		X
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> _____ NY		
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? <i>If "No," attach explanation</i>	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 2007 or the taxable year beginning in 2007 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	X	
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		X

Part VII-A Statements Regarding Activities (continued)

11a At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)?
11b If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?
12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract?
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application?
14 The books are in care of The Foundation Telephone no. 914-232-4822
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here

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.

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?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(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)?
(6) Agree to pay money or property to a government official?
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)?
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 2007?
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 2007, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2007?
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?
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?
b If "Yes," did it have excess business holdings in 2007 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?
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?
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 2007?

**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(c).  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 12		0.	0.	0.

**2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."**

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

Total number of other employees paid over \$50,000 0

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

**3** Five highest-paid independent contractors for professional services. If none, enter "NONE."

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

Total number of others receiving over \$50,000 for professional services 0

**Part IX-A** Summary of Direct Charitable Activities

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

	Expenses
1 N/A	
2	
3	
4	

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

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

	Amount
1 N/A	
2	
All other program-related investments. See instructions	
3	
<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.)

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	6,496,765.
b	Average of monthly cash balances	1b	121,312.
c	Fair market value of all other assets	1c	38,310.
d	Total (add lines 1a, b, and c)	1d	6,656,387.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	6,656,387.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	99,846.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	6,556,541.
6	Minimum investment return. Enter 5% of line 5	6	327,827.

**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	
2a	Tax on investment income for 2007 from Part VI, line 5	2a	
b	Income tax for 2007. (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
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	

**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	291,661.
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	291,661.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	291,661.

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 2006	(c) 2006	(d) 2007
1 Distributable amount for 2007 from Part XI, line 7				0.
2 Undistributed income, if any, as of the end of 2006:			0.	
a Enter amount for 2006 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2007:				
a From 2002				
b From 2003				
c From 2004				
d From 2005				
e From 2006				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2007 from Part XII, line 4: ▶ \$ N/A				
a Applied to 2006, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2007 distributable amount				0.
e Remaining amount distributed out of corpus	0.			0.
5 Excess distributions carryover applied to 2007 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:	0.			
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2006. Subtract line 4a from line 2a. Taxable amount - see instr			0.	
f Undistributed income for 2007. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2008				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2002 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2008. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2003				
b Excess from 2004				
c Excess from 2005				
d Excess from 2006				
e Excess from 2007				

**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 2007, 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(i)(3) or  4942(i)(5)

	Tax year				(e) Total
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	227,297.	232,771.	192,208.	163,438.	815,714.
b 85% of line 2a	193,202.	197,855.	163,377.	138,922.	693,357.
c Qualifying distributions from Part XII, line 4 for each year listed	291,661.	268,725.	260,761.	234,669.	1,055,816.
d Amounts included in line 2c not used directly for active conduct of exempt activities	0.	0.	0.	0.	0.
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c.	291,661.	268,725.	260,761.	234,669.	1,055,816.
3 Complete 3a, b, or c for the alternative test rolled upon:					
a "Assets" alternative test - enter:					
(1) Value of all assets					0.
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0.
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	218,551.	198,547.	190,188.	183,564.	790,850.
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					0.
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0.
(3) Largest amount of support from an exempt organization					0.
(4) 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)

<b>3 Grants and Contributions Paid During the Year or Approved for Future Payment</b>				
Recipient	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
Name and address (home or business)				
<b>a Paid during the year</b>				
None				
<b>Total</b>				<b>0.</b>
<b>b Approved for future payment</b>				
None				
<b>Total</b>				<b>0.</b>

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include Program service revenue, Membership dues, Dividends, Net rental income, and Subtotal.

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Table with 2 columns: Line No., Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes.

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

Table with 3 columns: Question, Yes, No. Contains questions 1a through 1c regarding transfers and transactions with noncharitable exempt organizations.

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

Schedule table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Contains one entry with 'N/A'.

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

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Contains one entry with 'N/A'.

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

Signature and preparer information section. Includes signature of officer or trustee, preparer's signature, date, title, firm name (Owen J. Flanagan & Co), address, EIN, and phone number.

2007 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	VariesSL	27.50	17	90,147.			90,147.	51,936.		3,278.
3	DRIVEWAY	VariesSL	VariesSL	20.00	17	5,000.			5,000.	3,500.		250.
4	HEATING SYSTEM	VariesSL	VariesSL	7.00	17	8,100.			8,100.	9,257.		0.
5	EQUIPMENT	VariesSL	VariesSL	7.00	17	18,364.			18,364.	18,364.		0.
6	EQUIPMENT	VariesSL	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.	119,875.	0.	3,528.

728102  
04-27-07

(D) - Asset disposed

\* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

Form 990-PF Dividends and Interest from Securities Statement 1

Source	Gross Amount	Capital Gains Dividends	Column (A) Amount
DIVIDENDS & INTEREST ON SECURITIES	248,925.	0.	248,925.
Total to Form 990-PF, Part I, ln 4	248,925.	0.	248,925.

Form 990-PF Other Income Statement 2

Description	(a) Revenue Per Books	(b) Net Investment Income	(c) Adjusted Net Income
ROYALTIES ON BOOK	322.	0.	322.
PRODUCT SALES	29,048.	0.	29,048.
Gross Income from Special Fundraising Events	12,158.	0.	12,158.
Total to Form 990-PF, Part I, line 11	41,528.	0.	41,528.

Form 990-PF Accounting Fees Statement 3

Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
OWEN J FLANAGAN & CO - ACCOUNTING & TAX	7,000.	3,500.	3,500.	6,100.
To Form 990-PF, Pg 1, ln 16b	7,000.	3,500.	3,500.	6,100.

Form 990-PF Other Professional Fees Statement 4

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
MORSE WILLIAMS - INV. ADVISORY	45,239.	45,239.	45,239.	0.
JOANN LINDSTRUM	160.	0.	0.	160.
JAMES DODGE	300.	0.	0.	300.
MARC CAPICHIONI	140.	0.	0.	140.
To Form 990-PF, Pg 1, ln 16c	45,839.	45,239.	45,239.	600.

Form 990-PF Taxes Statement 5

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
NYS FILING EXCISE	275. 5,000.	0. 0.	0. 0.	275. 2,500.
To Form 990-PF, Pg 1, ln 18	5,275.	0.	0.	2,775.

Form 990-PF Other Expenses Statement 6

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
REPAIRS & MAINTENANCE	44,313.	0.	0.	44,063.
ARCHIVES	2,247.	0.	0.	2,247.
ANNUAL PICNIC	1,582.	0.	0.	1,582.
INSURANCE	15,442.	0.	0.	15,273.
OFFICE	15,740.	0.	0.	17,068.
BANK FEES	440.	0.	0.	440.
PRODUCTS	0.	0.	0.	5,086.
INTERPRETIVE PLAN VISITORS & COMMUNITY RELATIONS	11,142. 2,952.	0. 0.	0. 0.	11,142. 2,952.
MISC	523.	0.	0.	523.
STAFF DEVELOPMENT	333.	0.	0.	333.
HISTORIC PRESERVATION COSTS	26,466.	0.	0.	26,466.
OTHER	13,141.	0.	0.	13,141.
FUNDRAISING	6,953.	0.	0.	6,953.



CLEANING	4,475.	0.	0.	4,475.
To Form 990-PF, Pg 1, ln 23	145,749.	0.	0.	151,744.

Form 990-PF U.S. and State/City Government Obligations Statement 7

Description	U.S. Gov't	Other Gov't	Book Value	Fair Market Value
US GOVERNMENT BONDS #12	X		271,862.	271,862.
Total U.S. Government Obligations			271,862.	271,862.
Total State and Municipal Government Obligations				
Total to Form 990-PF, Part II, line 10a			271,862.	271,862.

Form 990-PF Corporate Stock Statement 8

Description	Book Value	Fair Market Value
CORPORATE STOCK STMT #12	4,610,377.	4,610,377.
Total to Form 990-PF, Part II, line 10b	4,610,377.	4,610,377.

Form 990-PF Corporate Bonds Statement 9

Description	Book Value	Fair Market Value
CORPORATE BONDS STMT #12	1,581,304.	1,581,304.
Total to Form 990-PF, Part II, line 10c	1,581,304.	1,581,304.

Form 990-PF	Other Investments	Statement	10
Description	Valuation Method	Book Value	Fair Market Value
MUTUAL FUNDS	FMV	237,491.	237,491.
Total to Form 990-PF, Part II, line 13		237,491.	237,491.

Form 990-PF	Depreciation of Assets Not Held for Investment	Statement	11
Description	Cost or Other Basis	Accumulated Depreciation	Book Value
LAND & BUILDINGS	1,400,000.	0.	1,400,000.
BUILDING IMPROVEMENTS	90,147.	55,214.	34,933.
DRIVEWAY	5,000.	3,750.	1,250.
HEATING SYSTEM	8,100.	9,257.	-1,157.
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.	123,403.	1,435,026.

Form 990-PF

Part VIII - List of Officers, Directors  
Trustees and Foundation Managers

Statement 12

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

Morse, Williams & Company  
**PORTFOLIO APPRAISAL**  
**THE STEPPING STONES FOUNDATION**  
**R2514**  
 December 31, 2007

Quantity	Security	Unit Cost	Price	Market Value	Pct. Assets	Annual Income	Cur. Yield
	<b>CASH ACCOUNT</b>						
		42,604.92		42,604.92	0.6	1,708.46	4.0
	<b>GOVT BONDS</b>						
100,000.00	FEDERAL HOME LN MTG CORP 6.000% Due 06-18-14	99.80	100.60	100,602.00	1.5	6,000.00	6.0
50,000.00	US TSY BDS 7.500% Due 11-15-16	98.73	125.52	62,761.50	0.9	3,750.00	6.0
40,000.00	FED HOME LOAN BK 6.000% Due 06-15-17	100.00	102.75	41,100.00	0.6	2,400.00	5.8
50,000.00	US TSY BDS 8.125% Due 08-15-19	100.37	134.80	67,398.50	1.0	4,062.50	6.0
	Accrued Interest			2,342.01	0.0		
		239,353.13		274,204.01	4.0	16,212.50	6.0
	<b>CORPORATE BONDS</b>						
100,000.00	BANK BOSTON NA 6.375% Due 03-25-08	100.94	100.15	100,146.00	1.5	6,375.00	6.4
100,000.00	AT&T CORP 6.000% Due 03-15-09	96.25	101.41	101,412.00	1.5	6,000.00	5.9
200,000.00	FORD MTR CR CO 7.375% Due 10-28-09	99.58	94.12	188,250.00	2.8	14,750.00	7.8
200,000.00	MOTOROLA INC 7.625% Due 11-15-10	97.97	107.11	214,226.00	3.2	15,250.00	7.1
125,000.00	BOBING CAP CORP 6.100% Due 03-01-11	103.44	104.82	131,020.00	1.9	7,625.00	5.8
50,000.00	MERRILL LYNCH 6.050% Due 08-15-12	101.09	101.92	50,959.50	0.8	3,025.00	5.9
50,000.00	CATERPILLAR FINL 5.000% Due 11-15-12	100.00	99.24	49,621.00	0.7	2,500.00	5.0
50,000.00	KIMBERLY CLARK CORP 5.000% Due 08-15-13	97.58	101.35	50,675.00	0.7	2,500.00	4.9
100,000.00	B F SAUL REAL ESTATE INV TST 7.500% Due 03-01-14	96.09	92.00	92,000.00	1.4	7,500.00	8.1
100,000.00	CB HARRIS CORP 5.000% Due 10-01-15	96.97	94.44	94,445.00	1.4	5,000.00	5.3
100,000.00	CVS CORP 6.125% Due 08-15-16	100.84	102.21	102,215.00	1.5	6,125.00	6.0
100,000.00	SUNOCO INC 5.750% Due 01-15-17	98.70	99.37	99,373.00	1.5	5,750.00	5.8
50,000.00	KRAFT FOODS INC 6.500% Due 08-11-17	101.68	103.45	51,727.50	0.8	3,250.00	6.3

The Stepping Stones Foundation  
 Job Profitability Report  
 For the Period From Jan 1, 2007 to Dec 31, 2007

Filter Criteria includes Report order is by ID Report is printed including Balance Forward

Job ID	Phase ID	Cost Code ID	GL Acct ID	Actual Rev.	Actual Exp.	Profit \$	Profit %
NYCH			380	1,250.00			
				1,150.00			
			690	1,250.00	1,250.00		
				1,200.00			
				3,650.00	2,450.00		
	Total			3,650.00	2,450.00	1,200.00	32.88
NYS Parks			840		1,023.28		
					947.13		
					96.00		
					2,066.41		
	Total				2,066.41	-2,066.41	
NYSCA			301	9,800.00	1,352.08		
			840		1,228.76		
					1,653.00		
					5,438.48		
				9,800.00	9,672.32		
	Total			9,800.00	9,672.32	127.68	1.30
UHA			380	2,500.00			
				2,500.00			
				2,500.00		2,500.00	100.00
	Total			41,580.00	27,536.28	14,043.72	33.78

The Stepping Stones Foundation  
**Job Profitability Report**  
 For the Period From Jan 1, 2007 to Dec 31, 2007

Filter Criteria includes Report order is by ID Report is printed including Balance Forward

Job ID	Phase ID	Cost Code ID	GL Acct ID	Actual Rev.	Actual Exp.	Profit \$	Profit %
Bradley - Map			380	2,000.00	2,000.00		
			690				
Bradley - Map	Total			2,000.00	2,000.00		
Chamales			380	10,000.00			
				10,000.00			
Chamales	Total			10,000.00		10,000.00	100.00
Curator			380	7,500.00			
				7,500.00			
Curator	Total			7,500.00		7,500.00	100.00
IMLS - Curator			380	6,130.00	698.00		
			690				
IMLS - Curator	Total			6,130.00	698.00		
				6,130.00	698.00	5,432.00	88.61
Interpretive			841				
				2,000.00			
				1,500.00			
				1,500.00			
				3,000.00			
				90.00			
				749.00			
				59.55			
				1,000.00			
				251.00			
				-251.00			
				251.00			
				500.00			
Interpretive	Total			10,649.55			
				10,649.55		-10,649.55	

Morse, Williams & Company  
**PORTFOLIO APPRAISAL**  
**THE STEPPING STONES FOUNDATION**  
**R2514**

December 31, 2007

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	Pct. Assets	Annual Income	Cur. Yield
1,700.00	SYSCO CORP	30.04	51,066.70	31.21	53,057.00	0.8	1,496.00	2.8
2,210.00	TAIWAN SEMICON	9.79	21,638.38	9.96	22,011.60	0.3	795.60	3.6
500.00	TARGET CORP	44.77	22,387.00	50.00	25,000.00	0.4	280.00	1.1
1,500.00	TEXAS INSTR	23.49	35,228.00	33.40	50,100.00	0.7	600.00	1.2
400.00	TORCHMARK CORP	60.73	24,294.00	60.53	24,212.00	0.4	208.00	0.9
300.00	UNITED TECHS	72.90	21,871.35	76.54	22,962.00	0.3	384.00	1.7
300.00	UNITED HEALTH GRP	50.40	15,119.00	58.20	17,460.00	0.3	9.00	0.1
2,000.00	USBANCORP	21.08	42,158.18	31.74	63,480.00	0.9	3,200.00	5.0
500.00	V F CORP	38.25	19,127.00	68.66	34,330.00	0.5	1,160.00	3.4
1,200.00	VERIZON COMM	30.97	37,161.80	43.69	52,428.00	0.8	2,064.00	3.9
1,500.00	VIMPELCOM	21.08	31,621.76	41.60	62,400.00	0.9	412.50	0.7
2,000.00	W P CAREY & CO	28.76	57,522.97	33.20	66,400.00	1.0	3,816.00	5.7
500.00	WALGREEN CO	45.11	22,556.00	38.08	19,040.00	0.3	190.00	1.0
1,000.00	WASTE MGMT	34.14	34,144.00	32.67	32,670.00	0.5	960.00	2.9
1,500.00	WORTHINGTON INDS	22.33	33,491.17	17.88	26,820.00	0.4	1,020.00	3.8
			3,069,387.02		4,205,156.99	62.0	91,536.50	2.2

**MUTUAL FUNDS**

2,000.000	H&Q HEALTHCARE FD SH BEN INT'	18.24	36,473.28	16.53	33,060.00	0.5	3,040.00	9.2
4,500.000	H&Q LIFE SCIENCES INVS	13.99	62,937.21	13.25	59,625.00	0.9	5,940.00	10.0
1,183.799	TOCQUEVILLE GOLD	38.98	46,142.44	48.84	57,816.74	0.9	1,539.00	0.0
8,804.558	WALL STREET FUND	7.19	63,340.97	9.88	86,989.03	1.3	0.00	0.0
			208,893.90		237,490.78	3.5	8,995.19	3.8

**WARRANTS**

8,229	WTS ELOT INC	0.00	0.00	0.00	0.00	0.0	0.00	0.0
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**TOTAL PORTFOLIO**

			5,535,604.26		6,783,107.70	100.0	249,141.22	3.7
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*Accr. Int 39,449.51*

*6,743,638.19*

*per Custody 6,708,157.20*

*1/2 % Diff.*

Form <b>CHAR500</b>	<b>Annual Filing for Charitable Organizations</b> New York State Department of Law (Office of the Attorney General) Charities Bureau - Registration Section 120 Broadway New York, NY 10271 www.oag.state.ny.us/charities/charities.html	<b>2007</b>
This form used for Article 7-A, EPTL and dual filers (replaces forms CHAR 497, CHAR 010 and CHAR 008)		<b>Open to Public Inspection</b>

<b>1. General Information</b>		
a. For the fiscal year beginning (mm/dd/yyyy) <u>01/01/2007</u> and ending (mm/dd/yyyy) <u>12/31/2007</u>		
b. Check if applicable for NYS: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial filing <input type="checkbox"/> Final filing <input type="checkbox"/> Amended filing <input type="checkbox"/> NY registration pending	c. Name of organization <b>THE STEPPING STONES FOUNDATION</b>	
	d. Fed. employer ID no. (EIN) <b>13-3031164</b>	
	e. NY State registration no. <b>03-13-63</b>	
	Number and street (or P.O. box if mail not delivered to street address) <b>PO BOX 452</b>	Room/suite
	f. Telephone number <b>914 232-4822</b>	
	g. Email	
	City or town, state or country and ZIP + 4 <b>BEDFORD HILLS, NY 10507</b>	

<b>2. Certification - Two Signatures Required</b>			
We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.			
a. President or Authorized Officer	Signature	Printed Name	Title
			Date
b. Chief Financial Officer or Treasurer	Signature	Printed Name	Title
			Date

<b>3. Annual Report Exemption Information</b>	
a. Article 7-A annual report exemption (Article 7-A registrants and dual registrants) Check <input type="checkbox"/> if total contributions from NY State (including residents, foundations, corporations, government agencies, etc.) did not exceed \$25,000 and the organization did not use the services of a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during this fiscal year.  <b>NOTE:</b> An organization may also check the box to claim this exemption if no PFR or FRC was used and either: 1) the organization received an allocation from a federated fund, United Way or Incorporated community appeal and contributions from all other sources did not exceed \$25,000 or 2) it received all or substantially all of its contributions from a single government agency to which it submitted an annual financial report similar to that required by Article 7-A).	
b. EPTL annual report exemption (EPTL registrants and dual registrants) Check <input type="checkbox"/> if total gross receipts for this fiscal year did not exceed \$25,000 and the assets (market value) of the organization did not exceed \$25,000 at any time during this fiscal year.	
For EPTL or Article 7-A registrants claiming the annual report exemption under the one law under which they are registered and for dual registrants claiming the annual report exemptions under both laws, simply complete part 1 (General Information), part 2 (Certification) and part 3 (Annual Report Exemption Information) above. <b>Do not submit a fee, do not complete the following schedules and do not submit any attachments to this form.</b>	

<b>4. Article 7-A Schedules</b>	
If you did not check the Article 7-A annual report exemption above, complete the following for this fiscal year:	
a. Did the organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? * If "Yes", complete Schedule 4a.	<input type="checkbox"/> Yes* <input checked="" type="checkbox"/> No
b. Did the organization receive government contributions (grants)? * If "Yes", complete Schedule 4b.	<input type="checkbox"/> Yes* <input checked="" type="checkbox"/> No

<b>5. Fee Submitted: See last page for summary of fee requirements</b>	
Indicate the filing fee(s) you are submitting along with this form.	
a. Article 7-A filing fee	\$ <u>25.</u>
b. EPTL filing fee	\$ <u>250.</u>
c. Total fee	\$ <u>275.</u>
Submit only one check or money order for the total fee, payable to NYS Department of Law	

<b>6. Attachments:</b> For organizations that are not claiming annual report exemptions under both laws, see last page for required attachments
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- Mail completed form with required schedules, fee and attachments to the address at the top of this page -



THE STEPPING STONES FOUNDATION

5. Fee Instructions

The filing fee depends on the organization's Registration Type. For details on Registration Type and filing fees, see the Instructions for Form CHAR500.

Organization's Registration Type Fee Instructions

- Article 7-A Calculate the Article 7-A filing fee using the table in part a below. The EPTL filing fee is \$0.
- EPTL Calculate the EPTL filing fee using the table in part b below. The Article 7-A filing fee is \$0.
- Dual Calculate both the Article 7-A and EPTL filing fees using the tables in parts a and b below. Add the Article 7-A and EPTL filing fees together to calculate the total fee. Submit a single check or money order for the total fee.

a) Article 7-A filing fee

Total Support & Revenue	Article 7-A Fee
more than \$250,000	\$25
up to \$250,000 *	\$10

\* Any organization that contracted with or used the services of a professional fund raiser (PFR) or fund raising counsel (FRC) during the reporting period must pay an Article 7-A filing fee of \$25, regardless of total support and revenue.

b) EPTL filing fee

Net Worth at End of Year	EPTL Fee
Less than \$50,000	\$25
\$50,000 or more, but less than \$250,000	\$50
\$250,000 or more, but less than \$1,000,000	\$100
\$1,000,000 or more, but less than \$10,000,000	\$250
\$10,000,000 or more, but less than \$50,000,000	\$750
\$50,000,000 or more	\$1500

6. Attachments - Document Attachment Check-List

Check the boxes for the documents you are attaching.

**For All Filers**

Filing Fee

Single check or money order payable to 'NYS Department of Law'

Copies of Internal Revenue Service Forms

<input type="checkbox"/> IRS Form 990	<input type="checkbox"/> IRS Form 990-EZ	<input checked="" type="checkbox"/> IRS Form 990-PF
<input type="checkbox"/> Schedule A to IRS Form 990	<input type="checkbox"/> Schedule A to IRS Form 990-EZ	<input type="checkbox"/> Schedule B to IRS Form 990-PF
<input type="checkbox"/> Schedule B to IRS Form 990	<input type="checkbox"/> Schedule B to IRS Form 990-EZ	<input type="checkbox"/> IRS Form 990-T
<input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-T	

**Additional Article 7-A Document Attachment Requirement**

Independent Accountant's Report

Audit Report (total support & revenue more than \$250,000)

Review Report (total support & revenue \$100,001 to \$250,000)

No Accountant's Report Required (total support & revenue not more than \$100,000)

- 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> You must file original and one copy.		
Type or print  File by the extended due date for filing the return. See instructions.	Name of Exempt Organization <b>THE STEPPING STONES FOUNDATION</b>	Employer identification number <b>13-3031164</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>PO BOX 452</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>BEDFORD HILLS, NY 10507</b>	

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 6069	

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

- The books are in the care of **The Foundation**
- 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, 2008.**

6 For calendar year **2007**, or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_.

8 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 audit of the organization upon which the return is based is not yet complete. The organization is still gathering information.**

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	\$	4,550.
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	\$	4,588.
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 \_\_\_\_\_ Date \_\_\_\_\_