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

2009

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

For calendar year 2009, or tax year beginning _____, and ending _____

G Check all that apply. Initial return Initial return of a former public charity Final return
 Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation PHILLIPS FAMILY FOUNDATION		A Employer identification number 25-6716692		
	Number and street (or P O box number if mail is not delivered to street address) C/O BRUCE A ROSENFIELD 1600 MARKET ST. Room/suite 3600		B Telephone number (215) 751-2080		
City or town, state, and ZIP code PHILADELPHIA, PA 19103-7286		C If exemption application is pending, check here ► <input type="checkbox"/> D 1 Foreign organizations, check here ► <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation ► <input type="checkbox"/>			
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ► <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► <input type="checkbox"/>			
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ 772,541. (Part I, column (d) must be on cash basis.)		J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____			
Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income		
Revenue	1 Contributions, gifts, grants, etc., received		N/A		
	2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B Interest on savings and temporary cash investments				
	3				
	4 Dividends and interest from securities	19,710.	19,710.	STATEMENT 1	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	<56,806. >			
	b Gross sales price for all assets on line 6a	221,451.			
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income					
12 Total. Add lines 1 through 11	<37,096. >	19,710.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.	0.	
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees				
	c Other professional fees	STMT 2	4,300.	4,300.	0.
	17 Interest				
	18 Taxes	STMT 3	206.	206.	0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses	STMT 4	15.	15.	0.
	24 Total operating and administrative expenses. Add lines 13 through 23		4,521.	4,521.	0.
25 Contributions, gifts, grants paid		43,500.		43,500.	
26 Total expenses and disbursements. Add lines 24 and 25		48,021.	4,521.	43,500.	
27 Subtract line 26 from line 12		<85,117. >			
a Excess of revenue over expenses and disbursements					
b Net investment income (if negative, enter -0-)		15,189.			
c Adjusted net income (if negative, enter -0-)			N/A		

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	33.		
	2	Savings and temporary cash investments	8,533.	9,411.	9,411.
	3	Accounts receivable ►			
		Less: allowance for doubtful accounts ►			
	4	Pledges receivable ►			
		Less: allowance for doubtful accounts ►			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons			
	7	Other notes and loans receivable ►			
		Less: allowance for doubtful accounts ►			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments - U.S. and state government obligations			
	b	Investments - corporate stock	STMT 5	795,801.	709,868.
	c	Investments - corporate bonds			763,130.
Liabilities	11	Investments - land, buildings, and equipment basis ►			
		Less: accumulated depreciation ►			
	12	Investments - mortgage loans			
	13	Investments - other			
	14	Land, buildings, and equipment basis ►			
		Less: accumulated depreciation ►			
	15	Other assets (describe ►)			
	16	Total assets (to be completed by all filers)		804,367.	719,279.
	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
Net Assets or Fund Balances	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable			
	22	Other liabilities (describe ►)			
	23	Total liabilities (add lines 17 through 22)		0.	0.
		Foundations that follow SFAS 117, check here ► <input type="checkbox"/>			
		and complete lines 24 through 26 and lines 30 and 31.			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/>			
		and complete lines 27 through 31.			
Net Assets or Fund Balances	27	Capital stock, trust principal, or current funds		804,367.	719,279.
	28	Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.
	29	Retained earnings, accumulated income, endowment, or other funds		0.	0.
	30	Total net assets or fund balances		804,367.	719,279.
	31	Total liabilities and net assets/fund balances		804,367.	719,279.

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	804,367.
2	Enter amount from Part I, line 27a	2	<85,117.>
3	Other increases not included in line 2 (itemize) ► YEAR END ADJUSTMENT & ROUNDING	3	29.
4	Add lines 1, 2, and 3	4	719,279.
5	Decreases not included in line 2 (itemize) ►	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	719,279.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a RBC DAIN RAUCHER - SEE SCHEDULE	P	VARIOUS	VARIOUS
b RBC DAIN RAUCHER - SEE SCHEDULE	P	VARIOUS	VARIOUS
c HAVERFORD TRUST CO - SEE SCHEDULE	P	VARIOUS	VARIOUS
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 1,381.		5,578.	<4,197. >
b 152,130.		190,070.	<37,940. >
c 67,940.		82,609.	<14,669. >
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			<4,197. >
b			<37,940. >
c			<14,669. >
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	<56,806. >
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter -0- in Part I, line 8		3	N/A

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

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

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

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

 Yes No

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

1 Enter the appropriate amount in each column for each year, see instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	44,864.	825,473.	.054349
2007	45,000.	920,613.	.048880
2006	45,226.	897,512.	.050390
2005	47,623.	913,938.	.052107
2004	43,615.	955,673.	.045638

2 Total of line 1, column (d)	2	.251364
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	.050273
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	681,325.
5 Multiply line 4 by line 3	5	34,252.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	152.
7 Add lines 5 and 6	7	34,404.
8 Enter qualifying distributions from Part XII, line 4	8	43,500.

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.	(attach copy of letter if necessary-see Instructions)	1	152.
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			
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	152.
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	152.
6	Credits/Payments.			
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	704.	
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	704.	
8	Enter any penalty for underpayment of estimated tax Check here <input 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		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		552.
11	Enter the amount of line 10 to be Credited to 2010 estimated tax ►	11		0.

Part VII-A Statements Regarding Activities

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?	Yes	No
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	
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year. (1) On the foundation ► \$ 0. (2) On foundation managers ► \$ 0.		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ 0.		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? <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?		
b	If "Yes," has it filed a tax return on Form 990-T for this year?		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		
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) ►		
PA			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If "Yes," complete Part XIV		
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	X	

Part VII-A Statements Regarding Activities (continued)

11		X
12		X
13	X	
14 The books are in care of ► BRUCE A. ROSENFIELD, ESQUIRE Telephone no. ► 215-751-2080 Located at ► 1600 MARKET STREET, #3600, PHILADELPHIA, PA ZIP+4 ► 19103-7286		
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ► 15 N/A and enter the amount of tax-exempt interest received or accrued during the year		

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	N/A	►
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?	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(l)(3) or 4942(l)(5))		
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? If "Yes," list the years ►	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	N/A	2b
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ►		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2009 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 2009.)	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 2009?	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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		N/A	5b
Organizations relying on a current notice regarding disaster assistance check here ►				
c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?	<input type="checkbox"/> Yes <input type="checkbox"/> No		N/A	
If "Yes," attach the statement required by Regulations section 53.4945-5(d).				
6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6b	X
If "Yes" to 6b, file Form 8870.				
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		N/A	7b

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 6		0.	0.	0.

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

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

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

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

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

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

0

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

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

Expenses

1 FOUNDATION IS NOT ENGAGED IN ANY DIRECT CHARITABLE ACTIVITIES. IT PROVIDES GRANTS AND CONTRIBUTIONS TO CHARITABLE ORGANIZATIONS.

0.

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 NOT APPLICABLE

0.

2

All other program-related investments. See instructions

3

Total. Add lines 1 through 3 ►

0.

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	664,419.
b Average of monthly cash balances	1b	27,282.
c Fair market value of all other assets	1c	
d Total (add lines 1a, b, and c)	1d	691,701.
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	691,701.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	10,376.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	681,325.
6 Minimum investment return. Enter 5% of line 5	6	34,066.

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	34,066.
2a Tax on investment income for 2009 from Part VI, line 5	2a	152.
b Income tax for 2009 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	152.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	33,914.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	33,914.
6 Deduction from distributable amount (see instructions)	6	0.
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	33,914.

Part XII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes	1a	43,500.
a Expenses, contributions, gifts, etc - total from Part I, column (d), line 26	1b	0.
b Program-related investments - total from Part IX-B	2	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	3a	
3 Amounts set aside for specific charitable projects that satisfy the	3b	
a Suitability test (prior IRS approval required)	4	43,500.
b Cash distribution test (attach the required schedule)	5	152.
4 Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	6	43,348.
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		
6 Adjusted qualifying distributions. Subtract line 5 from line 4		

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 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				33,914.
2 Undistributed income, if any, as of the end of 2009			40,754.	
a Enter amount for 2008 only		0.		
b Total for prior years:				
3 Excess distributions carryover, if any, to 2009:				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4 ► \$ 43,500.			40,754.	
a Applied to 2008, but not more than line 2a				
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 2009 distributable amount				2,746.
e Remaining amount distributed out of corpus	0.			0.
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				31,168.
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 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9.				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

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

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)				
<i>a Paid during the year</i>				
SEE SCHEDULE ATTACHED	NONE	PUBLIC	GENERAL	43,500.
Total			► 3a	43,500.
<i>b Approved for future payment</i>				
NONE				
Total			► 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		(e) Related or exempt function income	
		(a) Business code	(b) Amount		
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities				14	
5 Net rental income or (loss) from real estate:				19,710.	
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory				18	
9 Net income or (loss) from special events				<56,806.>	
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)			0.	<37,096.>	0.
13 Total. Add line 12, column (b), (d), and (e)					

13 Total. Add line 12, columns (b), (d), and (e)
(See worksheet in line 13 instructions to verify calculations)

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

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 (other than by providing funds for such purposes)
NOT APPLICABLE	
</	

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	1
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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
HAVERFORD TRUST CO RBC DAIN RAUCHER (1101-4308-5072)	4,296.	0.	4,296.
	15,414.	0.	15,414.
TOTAL TO FM 990-PF, PART I, LN 4	19,710.	0.	19,710.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	2
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
THE HAVERFORD TRUST CO, MGR FEE	4,300.	4,300.		0.
TO FORM 990-PF, PG 1, LN 16C	4,300.	4,300.		0.

FORM 990-PF	TAXES	STATEMENT	3
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX ON DIVIDENDS	206.	206.		0.
TO FORM 990-PF, PG 1, LN 18	206.	206.		0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PA FILING FEE	15.	15.		0.
TO FORM 990-PF, PG 1, LN 23	15.	15.		0.

FORM 990-PF

CORPORATE STOCK

STATEMENT 5

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCK	709,868.	763,130.
TOTAL TO FORM 990-PF, PART II, LINE 10B	709,868.	763,130.

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 6

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN EXPENSE CONTRIB ACCOUNT
THOMAS G. PHILLIPS, III 520 WATERSIDE CIRCLE LEBANON, PA 17042	CO-TRUSTEE 0.25	0.	0.
JIRGINIA A. PHILLIPS 520 WATERSIDE CIRCLE LEBANON, PA 17042	CO-TRUSTEE 0.25	0.	0.
PETER H. PHILLIPS 2 SOUTHWATCH LANE MECHANICSBURG, PA 170558212	CO-TRUSTEE 0.25	0.	0.
DAVID S. PHILLIPS 276 OLD STONE HOUSE ROAD S MECHANICSBURG, PA 170559729	CO-TRUSTEE 0.25	0.	0.
ELIZABETH A. DAVIES 10 MOUNT VERNON STREET NANTUCKET, MA 02554	CO-TRUSTEE 0.25	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.

For the Account of: THE PHILLIPS FAMILY FOUNDATION

Account Number: 52 00 6327 0 01
 Date: OCTOBER 1, 2009 - DECEMBER 31, 2009

Portfolio Assets Detail

CASH AND MONEY MARKET

Description	Shares	Total Cost	Current Share Price	Current Mkt Value	% of Portfolio	Unrealized Gain/Loss	Est. Ann Income	Est. Ann Yield(%)
INCOME CASH								
FEDERATED PRIME MANAGEMENT OBLIG FD INC	4,115.96	4,115.96	1.00	4,115.96	.53	.00	.41	.01
FEDERATED PRIME MANAGEMENT OBLIG FD PRIN	5,115.50	5,115.50	1.00	5,115.50	.66	.00	.51	.01
TOTAL CASH AND MONEY MARKET		9,411.46				.00	.92	.01

STOCKS

Description	Shares	Total Cost	Current Share Price	Current Mkt Value	% of Portfolio	Unrealized Gain/Loss	Est. Ann Income	Est. Ann Yield(%)
ABBOTT LABS								
COM (ABT)	400.00	16,767.37	53.99	21,596.00	2.80	4,828.63	640.00	2.96
ACCENTURE PLC (ACN)	400.00	15,213.20	41.50	16,600.00	2.15	1,386.80	300.00	1.81
AFLAC INC COM (AFL)	500.00	23,273.68	46.25	23,125.00	2.99	-148.68	560.00	2.42
AIR PRODS & CHEMS INC COM (APD)	300.00	16,511.65	81.06	24,318.00	3.15	7,806.35	540.00	2.22
AT&T INC (T)	900.00	32,438.70	28.03	25,227.00	3.27	-7,211.70	1,512.00	5.99
AUTOMATIC DATA PROCESSING INC COM (ADP)	350.00	16,100.40	42.82	14,987.00	1.94	-1,113.40	476.00	3.18
BANK OF NEW YORK MELLON CORP (BK)	400.00	12,261.39	27.97	11,188.00	1.45	-1,073.39	144.00	1.29

HAVERFORD
 QUALITY INVESTING

Three Radnor Corporate Center, Suite 450
 Radnor, Pennsylvania 19087-4546
 T 610-995-8700 / 888-995-5995 / F 610-995-8796
www.haverfordquality.com



For the Account of: THE PHILLIPS FAMILY FOUNDATION

Account Number: 52 00 6327 0 01
Date: OCTOBER 1, 2009 - DECEMBER 31, 2009

Portfolio Assets Detail

STOCKS

Description	Shares	Total Cost	Current Share Price	Current Mkt Value	% of Portfolio	Unrealized Gain/Loss	Est. Ann Income	Est. Ann Yield(%)
BECTON DICKINSON & CO COM (BDX)	500.00	29,827.89	78.86	39,430.00	5.10	9,602.11	740.00	1.88
CATERPILLAR INC DEL COM (CAT)	400.00	13,476.21	56.99	22,796.00	2.95	9,319.79	672.00	2.95
CHEVRON CORPORATION (CVX)	275.00	17,496.25	76.99	21,172.25	2.74	3,676.00	748.00	3.53
COCA COLA CO COM (KO)	300.00	15,081.04	57.00	17,100.00	2.21	2,018.96	492.00	2.88
CONOCOPHILLIPS (COP)	650.00	40,092.02	51.07	33,195.50	4.30	-6,896.52	1,300.00	3.92
DISNEY WALT CO COM DISNEY (DIS)	600.00	19,779.04	32.25	19,350.00	2.50	-429.04	210.00	1.09
DU PONT E I DE NEMOURS & CO COM (DD)	650.00	18,289.93	33.67	21,885.50	2.83	3,595.57	1,066.00	4.87
EATON CORP COM (ETN)	400.00	28,027.54	63.62	25,448.00	3.29	-2,579.54	800.00	3.14
EXXON MOBIL CORP COM (XOM)	500.00	31,958.57	68.19	34,095.00	4.41	2,136.43	840.00	2.46
HEWLETT PACKARD CO COM (HPQ)	650.00	27,756.98	51.51	33,481.50	4.33	5,724.52	208.00	62
INTEL CORP COM (INTC)	1,000.00	22,481.55	20.40	20,400.00	2.64	-2,081.55	560.00	2.75
JOHNSON & JOHNSON COM (JNJ)	450.00	22,797.44	64.41	28,984.50	3.75	6,187.06	882.00	3.04
LOCKHEED MARTIN CORP COM (LMT)	150.00	11,666.97	75.35	11,302.50	1.46	-364.47	378.00	3.34

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For the Account of: THE PHILLIPS FAMILY FOUNDATION

Account Number: 52 00 63270 01

Date: OCTOBER 1, 2009 - DECEMBER 31, 2009

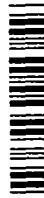
Portfolio Assets Detail

STOCKS

Description	Shares	Total Cost	Current Share Price	Current Mkt Value	% of Portfolio	Unrealized Gain/Loss	Est. Ann Income	Est. Ann Yield(%)
LOWES COS INC COM (LOW)	700.00	23,030.71	23.39	16,373.00	2.12	-6,657.71	252.00	1.54
MEDTRONIC INC COM (MDT)	400.00	21,139.07	43.98	17,592.00	2.28	-3,547.07	328.00	1.86
MICROSOFT CORP COM (MSFT)	1,800.00	44,270.15	30.48	54,864.00	7.10	10,593.85	936.00	1.71
NOKIA CORP SPONSORED ADR (NOK)	900.00	12,312.79	12.85	11,565.00	1.50	-747.79	353.70	3.06
NOVARTIS AG SPONSORED ADR (NVS)	350.00	19,720.99	54.43	19,050.50	2.47	-670.49	508.90	2.67
NYSE EURONEXT (NYX)	600.00	11,158.38	25.30	15,180.00	1.96	4,021.62	720.00	4.74
PEPSICO INC COM (PEP)	250.00	14,815.95	60.80	15,200.00	1.97	384.05	450.00	2.96
PROCTER & GAMBLE CO COM (PG)	350.00	13,479.32	60.63	21,220.50	2.75	7,741.18	616.00	2.90
TARGET CORP COM (TGT)	700.00	32,107.21	48.37	33,859.00	4.38	1,751.79	476.00	1.41
UNION PAC CORP COM (UNP)	350.00	17,580.39	63.90	22,365.00	2.89	4,784.61	378.00	1.69
UNITED TECHNOLOGIES CORP (UTX)	700.00	48,238.00	69.41	48,587.00	6.29	349.00	1,078.00	2.22
WELLS FARGO & CO NEW COM (WFC)	800.00	20,717.01	26.99	21,592.00	2.82	874.99	160.00	.74
TOTAL STOCKS		763,129.79		53,261.96			19,324.60	2.53

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For the Account of: **THE PHILLIPS FAMILY FOUNDATION**

Account Number: **52 00 6327 0 01**

Date: **OCTOBER 1, 2009 - DECEMBER 31, 2009**

Portfolio Assets Detail

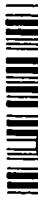
STOCKS

Description	Shares	Total Cost	Current Share Price	Current Mkt Value	% of Portfolio	Unrealized Gain/Loss	Est. Ann Income	Est. Ann Yield(%)
TOTAL ASSETS				772,541.21		53,261.96	19,325.52	2.50
TOTAL ACCRUED INCOME				908.00				
TOTAL ACCOUNT				773,449.21				

Three Radnor Corporate Center, Suite 450
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Phillips Family Foundation

EIN: 25-6716692

List of Contributions for Tax Period 12/31/09

Organization	Address	Amount
Rotary International Paul Harris-Fellow	Attn: Clarence Asbury 415 Fallowfield Road Camp Hill, PA 17011	1,000.00
Cystic Fibrosis Foundation Brewers Fest Central PA Chapter	Attn: Melinda LaBuda Raback 55 South Progress Ave Harrisburg, PA 17109	1,000.00
York Health Foundation	Attn: Dee Baker 45 Monument Road Suite 200 York, PA 17403	1,000.00
Walnut Hill School	12 Highland Street Natick, MA 01760-2199	1,000.00
Nanatucket New School Annual Appeal	15 Nobadeer Farm Road Nantucket, MA 02554	1,000.00
Nantucket School of Music/NCMC	PO Box 1352 Nantucket, MA 02554	1,500.00
Boston Youth Symphony Orchestra Annual Fund	Attn Martha Robinson 855 Commonwealth Ave Boston, MA 02215	2,500.00
Harrisburg Area YMCA Annual Support Campaign	c/o Yvette Lynch 123 Forester St Harrisburg, PA 17102	5,000.00
Nantucket Historical Association Restoration of Greater Light	c/o Judith Wodynski PO Box 1016 Nantucket, MA 02554	2,500.00
Sustainable Nantucket Annual Appeal	PO Box 1244 Nantucket, MA 02554	3,000.00
Theater Workshop of Nantucket, Inc. Capital Campaign	2 Center Street Nantucket, MA 02554-3610	1,000.00
Artish Association Nantucket Annual Fund	19 Washington Street Nantucket, MA 02554-3848	1,000.00
Harrisburg Area Community College Foundation	c/o Nancy Rockey VP College & Community Development The HACC Foundation One HACC Drive, M260 Harrisburg, PA 17110-2999	13,500.00

Children's Miracle Network Penn State M.S. Hersey Medical Center	Office of Development & Alumni Relations PO Box 852 Hersey, PA 17033-0852	7,500.00
Lancaster Country Day School	725 Hamilton Road Lancaster, PA 17603	1,000.00
Total Contributions		43,500.00

PHILLIPS FAMILY FOUNDATION
 THOMAS G PHILLIPS III
 520 WATERSIDE CIR
 LEBANON PA 17042-9487

PAGE
10 of 11
RECIPIENT'S ACCOUNT NUMBER
304-24301

Schedule of Realized Gains and Losses

This section includes a summary of the short- or long-term gain or loss from the sale of selected securities in non-retirement accounts. "Short-term" refers to securities held for one year or less; "long-term" refers to securities held more than one year. RBC provides cost basis information as a service to its clients; the information may not be accurate for tax reporting or other purposes and may rely on information, such as the original cost basis for a security, that you or another source at your direction provided to RBC. Cost basis information may reflect a change in the value of certain fixed income and other securities that return or amortize principal over time. In the case of bonds purchased at a premium, cost basis information may be amortized. In addition, cost basis information may reflect accretion for zero coupon and OID bonds. Please refer to IRS Publications 1212 and 550 or contact your Tax Advisor for additional information.

Short-Term

QUANTITY	DESCRIPTION	OPEN DATE	NET COST	CLOSE DATE	NET PROCEEDS	REALIZED GAIN/LOSS
200.000	GENERAL ELECTRIC CO SYMBOL GE	06/23/08	5,578.32	03/03/09	1,380.82	-4,197.51
	Short-Term Subtotal				1,380.82	-4,197.51

Long-Term

QUANTITY	DESCRIPTION	OPEN DATE	NET COST	CLOSE DATE	NET PROCEEDS	REALIZED GAIN/LOSS
300.000	ABBOTT LABORATORIES SYMBOL ABT	10/12/04	12,575.52	01/20/09	14,724.43	2,148.91
250.000	AUTOMATIC DATA PROCESSING INC SYMBOL ADP	12/28/00	14,452.41	04/23/09	8,531.37	-5,921.04
150.000	COCA COLA CO SYMBOL: KO	01/05/01	8,781.29	04/23/09	6,336.99	-2,444.30
50.000	COCA COLA CO SYMBOL: KO	12/28/00	3,071.23	04/23/09	2,112.33	-958.90
100.000	COLGATE PALMOLIVE CO SYMBOL CL	06/23/08	6,963.00	07/16/09	7,300.81	337.81
200.000	COLGATE PALMOLIVE CO SYMBOL. CL	10/12/04	8,806.46	07/16/09	14,599.62	5,793.16
300.000	GENERAL ELECTRIC CO SYMBOL GE	11/16/01	12,342.03	03/03/09	2,071.22	-10,270.81
200.000	GENERAL ELECTRIC CO SYMBOL GE	11/21/03	5,819.54	03/03/09	1,380.82	-4,438.73
100.000	GENERAL ELECTRIC CO SYMBOL: GE	09/19/01	3,188.01	03/03/09	690.40	-2,497.61
350.000	JOHNSON & JOHNSON SYMBOL: JNJ	12/28/00	18,452.95	01/20/09	19,710.95	1,258.00
400.000	MEDTRONIC INC SYMBOL: MDT	12/28/00	24,896.11	05/11/09	13,248.64	-11,647.47
400.000	NOVARTIS AG-SPONSORED ADR SYMBOL. NVS	02/22/05	20,478.78	05/11/09	14,940.17	-5,538.61
50.000	NOVARTIS AG-SPONSORED ADR SYMBOL NVS	02/08/06	2,765.40	05/11/09	1,867.52	-897.88
250.000	PEPSICO INC SYMBOL PEP	05/09/06	14,815.96	04/23/09	11,743.39	-3,072.57

Phillips Family Foundation
EIN 25-6716692
Gain/Loss Schedule
Haverford Trust Co 52 00 6327 0 0