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

2009

Department of the Treasury
Internal Revenue Service

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

For calendar year 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 THE KATSAROS FAMILY FOUNDATION		A Employer identification number 26-1373188
	Number and street (or P O box number if mail is not delivered to street address) 2450 BALLYBUNION ROAD		B Telephone number 610-865-3970
	City or town, state, and ZIP code CENTER VALLEY, PA 18034		C If exemption application is pending, check here <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		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 1,774,992. (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)	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"/>

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	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)	
Revenue	1 Contributions, gifts, grants, etc., received	350,928.		N/A		
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B					
	3 Interest on savings and temporary cash investments					
	4 Dividends and interest from securities	22,195.	22,195.		STATEMENT 2	
	5a Gross rents					
	b Net rental income or (loss)					
	6a Net gain or (loss) from sale of assets not on line 10	<313,562.>			STATEMENT 1	
	b Gross sales price for all assets on line 6a	912,818.				
	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	59,561.	22,195.				
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 3	1,195.	0.		0.
	17 Interest					
	18 Taxes	STMT 4	1,835.	287.		0.
	19 Depreciation and depletion					
	20 Occupancy					
	21 Travel, conferences, and meetings					
	22 Printing and publications					
	23 Other expenses					
	24 Total operating and administrative expenses Add lines 13 through 23	3,030.	287.		0.	
	25 Contributions, gifts, grants paid	53,000.			53,000.	
26 Total expenses and disbursements. Add lines 24 and 25	56,030.	287.		53,000.		
27 Subtract line 26 from line 12:						
a Excess of revenue over expenses and disbursements	3,531.					
b Net investment income (if negative, enter -0-)		21,908.				
c Adjusted net income (if negative, enter -0-)			N/A			

P
M

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		36,825.	95,099.	95,099.
	2	Savings and temporary cash investments				
	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	1,031,980.	552,158.	483,523.
	c	Investments - corporate bonds				
11	Investments - land, buildings, and equipment basis ▶					
	Less: accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other	STMT 6	673,479.	1,111,134.	1,196,370.	
14	Land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation ▶					
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers)		1,742,284.	1,758,391.	1,774,992.	
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable				
	22	Other liabilities (describe ▶)				
	23	Total liabilities (add lines 17 through 22)		0.	0.	
Net Assets or Fund Balances		Foundations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>				
	24	Unrestricted		1,742,284.	1,758,391.	
	25	Temporarily restricted				
	26	Permanently restricted				
		Foundations that do not follow SFAS 117, check here ▶ <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	Total net assets or fund balances		1,742,284.	1,758,391.	
	31	Total liabilities and net assets/fund balances		1,742,284.	1,758,391.	

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	1,742,284.
2	Enter amount from Part I, line 27a	2	3,531.
3	Other increases not included in line 2 (itemize) ▶ PRIOR PERIOD COST BASIS ADJUSTMENT	3	12,576.
4	Add lines 1, 2, and 3	4	1,758,391.
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	1,758,391.

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 CHARLES SCHWAB	P	VARIOUS	VARIOUS
b CHARLES SCHWAB	P	VARIOUS	VARIOUS
c CHARLES SCHWAB	D	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 12,984.		10,274.	2,710.
b 714,142.		960,679.	<246,537.>
c 185,692.		178,324.	7,368.
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(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	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			2,710.
b			<246,537.>
c			7,368.
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	<236,459.>
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	31,241.	1,338,432.	.023341
2007	0.	1,248,331.	.000000
2006			
2005			
2004			

2 Total of line 1, column (d)	2	.023341
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	.011671
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	1,213,628.
5 Multiply line 4 by line 3	5	14,164.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	219.
7 Add lines 5 and 6	7	14,383.
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.	8	53,000.

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 or determination letter: _____ (attach copy of letter if necessary-see instructions)		1	219.
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	0.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		3	219.
3 Add lines 1 and 2		4	0.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		5	219.
5 Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-			
6 Credits/Payments:			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	760.	
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	760.	
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	541.	
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax <input checked="" type="checkbox"/> 541. Refunded <input type="checkbox"/> 0.	11	0.	

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)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
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. <input checked="" type="checkbox"/> \$ 0. (2) On foundation managers. <input checked="" type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input checked="" type="checkbox"/> \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		X
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input checked="" type="checkbox"/> 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		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

N/A

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	13	X	
14	The books are in care of ► ARTHUR T. KATSAROS Telephone no. ► 610-865-3970 Located at ► 2450 BALLYBUNION ROAD, CENTER VALLEY, PA ZIP+4 ► 18034			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	15		N/A

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input 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	1b
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(j)(3) or 4942(j)(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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If "Yes," list the years ►		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	N/A	2b
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ►		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If "Yes," did it have excess business holdings in 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

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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)?

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?

N/A

☐ Yes ☐ No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

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?

☐ Yes ☒ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

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
ARTHUR T. KATSAROS 2450 BALLYBUNION ROAD CENTER VALLEY, PA 18034	TRUSTEE 1.00	0.	0.	0.
DENISE S. KATSAROS 2450 BALLYBUNION ROAD CENTER VALLEY, PA 18034	TRUSTEE 1.00	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
N/A	0.00	0.	0.	0.

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
N/A		0.
Total number of others receiving over \$50,000 for professional services		0

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 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	
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	1,196,229.
b Average of monthly cash balances	1b	35,881.
c Fair market value of all other assets	1c	
d Total (add lines 1a, b, and c)	1d	1,232,110.
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	1,232,110.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	18,482.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,213,628.
6 Minimum investment return. Enter 5% of line 5	6	60,681.

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	60,681.
2a Tax on investment income for 2009 from Part VI, line 5	2a	219.
b Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	219.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	60,462.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	60,462.
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	60,462.

Part XII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	53,000.
b Program-related investments - total from Part IX-B	1b	0.
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	53,000.
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	219.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	52,781.

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.

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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				60,462.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			43,568.	
b Total for prior years:		0.		
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: ▶ \$ 53,000.				
a Applied to 2008, but not more than line 2a			43,568.	
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				9,432.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		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				51,030.
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				

N/A

- b** Check box to indicate whether the foundation is a private operating foundation described in section

☐ 4942(1)(3) or ☐ 4942(1)(5)

- (4) Gross investment income

[illegible]

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
		(a) Business code	(b) Amount	(c) Exclu- sion code	(d) 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	22,195.	
5 Net rental income or (loss) from real estate:						
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	<313,562.>	
9 Net income or (loss) from special events						
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.		<291,367.>	0.
13 Total. Add line 12, columns (b), (d), and (e)						13 <291,367.>

(See worksheet in line 13 instructions to verify calculations.)

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

[illegible]

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

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

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

OMB No 1545-0047

2009

Name of the organization

THE KATSAROS FAMILY FOUNDATION

Employer identification number

26-1373188

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

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

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

☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation

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

☐ 501(c)(3) taxable private foundation

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

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

General Rule

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

Special Rules

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

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

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions
for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2009)

Name of organization

Employer identification number

THE KATSAROS FAMILY FOUNDATION

26-1373188

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	ART AND DENISE KATSAROS 2450 BALLYBUNION ROAD CENTER VALLEY, PA 18034	\$ 250,928.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
2	ART AND DENISE KATSAROS 2450 BALLYBUNION ROAD CENTER VALLEY, PA 18034	\$ 100,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

FORM 990-PF GAIN OR (LOSS) FROM SALE OF ASSETS STATEMENT 1

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED PURCHASED	DATE ACQUIRED VARIOUS	DATE SOLD VARIOUS
CHARLES SCHWAB	12,984.	10,274.	0.			2,710.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED PURCHASED	DATE ACQUIRED VARIOUS	DATE SOLD VARIOUS
CHARLES SCHWAB	714,142.	960,679.	0.			<246,537.>

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	MANNER ACQUIRED DONATED	DATE ACQUIRED VARIOUS	DATE SOLD VARIOUS
CHARLES SCHWAB	185,692.	255,427.	0.			<69,735.>

CAPITAL GAINS DIVIDENDS FROM PART IV 0.

TOTAL TO FORM 990-PF, PART I, LINE 6A <313,562.>

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	2
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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CHARLES SCHWAB	22,195.	0.	22,195.
TOTAL TO FM 990-PF, PART I, LN 4	22,195.	0.	22,195.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	3
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAX & ACCOUNTING FEES	1,195.	0.		0.
TO FORM 990-PF, PG 1, LN 16C	1,195.	0.		0.

FORM 990-PF	TAXES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX	287.	287.		0.
FEDERAL TAX	1,548.	0.		0.
TO FORM 990-PF, PG 1, LN 18	1,835.	287.		0.

FORM 990-PF	CORPORATE STOCK	STATEMENT	5
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
INVESTMENTS-STOCK	552,158.	483,523.
TOTAL TO FORM 990-PF, PART II, LINE 10B	552,158.	483,523.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	6
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
INVESTMENTS-MUTUAL FUNDS	COST	1,111,134.	1,196,370.
INVESTMENTS-OTHER ASSETS	COST	0.	0.
TOTAL TO FORM 990-PF, PART II, LINE 13		1,111,134.	1,196,370.

FORM 990-PF	PART XV - LINE 1A LIST OF FOUNDATION MANAGERS	STATEMENT	7
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NAME OF MANAGER

ARTHUR T. KATSAROS
DENISE S. KATSAROS

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 8

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
BOYS & GIRLS CLUB OF ALLENTOWN 1430 FRITZ DRIVE BETHLEHEM, PA 18103	NONE CHARITABLE	PUBLIC CHARITY	2,000.
DAVINCI DISCOVERY CENTER 3145 HAMILTON BLVD BYPASS ALLENTOWN, PA 18103	NONE CHARITABLE	PUBLIC CHARITY	16,500.
HABITAT FOR HUMANITY 245 N. GRAHAM STREET ALLENTOWN, PA 181092191	NONE CHARITABLE	PUBLIC CHARITY	1,000.
INTERNATIONAL ORTHODOX CHRISTIAN CHARITIES 110 WEST ROAD BALTIMORE, MD 21204	NONE CHARITABLE	PUBLIC CHARITY	1,000.
MINSI TRAILS COUNCIL PO BOX 20624 LEHIGH VALLEY, PA 18002	NONE CHARITABLE	PUBLIC CHARITY	2,000.
MUSCULAR DYSTROPHY ASSOCIATION 5940 HAMILTON BLVD ALLENTOWN, PA 18106	NONE CHARITABLE	PUBLIC CHARITY	1,500.
SAINT NICHOLAS GREEK ORTHODOX CHURCH 1607 WEST UNION BLVD BETHLEHEM, PA 18018	NONE CHARITABLE	PUBLIC CHARITY	3,000.
ARTSQUEST 25 WEST THIRD STREET BETHLEHEM, PA 18015	NONE CHARITABLE	PUBLIC CHARITY	5,000.

THE KATSAROS FAMILY FOUNDATION

26-1373188

CYSTIC FIBROSIS FOUNDATION 6931 ARLINGTON ROAD, 2ND FLOOR BETHLESDA, MD 20814	NONE CHARITABLE	PUBLIC CHARITY	1,000.
UNITED WAY OF GREATER LEHIGH VALLEY 2200 AVENUE A. THIRD FLOOR BETHLEHEM, PA 180172189	NONE CHARITABLE	PUBLIC CHARITY	10,000.
WORCESTER POLYTECHNIC INSTITUTE 100 INSTITUTE ROAD WORCESTER, MA 01609	NONE CHARITABLE	PUBLIC CHARITY	5,000.
JACKIE ROBINSON FOUNDATION 75 VARICK STREET, 2ND FLOOR NEW YORK, NY 10013	NONE CHARITABLE	PUBLIC CHARITY	1,000.
MORAVIAN THEOLOGICAL SEMINARY 60 WEST LOCUST STREET BETHLEHEM, PA 18018	NONE CHARITABLE	PUBLIC CHARITY	1,000.
ST. BASIL'S ACADEMY 711 FOX CHASE ROAD JENKINTOWN, PA 18046	NONE CHARITABLE	PUBLIC CHARITY	1,000.
ST MICHAEL'S CHURCH 80 NORTH HIGHT STREET GREENVILLE, PA 16125	NONE CHARITABLE	PUBLIC CHARITY	1,000.
VALLEY YOUTH HOUSE 539 EIGHTH AVENUE BETHLEHEM, PA 18018	NONE CHARITABLE	PUBLIC CHARITY	1,000.

TOTAL TO FORM 990-PF, PART XV, LINE 3A

53,000.

Katsaros Family Foundation
Realized Gains/Losses on donated securities
12/31/2009

TAX-2

Ishares MSCI AUS IDX (900 shares)

	<u>Tax Gain/Loss</u>		<u>Book Gain/Loss</u>	
Sale	20,278 27	Fr Tax-5	20,278 27	Fr Tax-5
Cost Basis	(18,783 00)	Fr Tax-4	(28,782 00)	Fr Tax-4
Realized Gain/Loss	<u>1,495.27</u>		<u>(8,503.73)</u>	

China Medical Tech AD (700 shares)

Sale	9,716 26	Fr Tax-5	9,716 26	Fr Tax-5
Cost Basis	(18,626 00)	Fr Tax-4	(31,493 00)	Fr Tax-4
Realized Gain/Loss	<u>(8,909.74)</u>		<u>(21,776.74)</u>	

China Fund Inc. (700 shares)

Sale	18,710 52	Fr Tax-5	18,710 52	Fr Tax-5
Cost Basis	(20,851 00)	Fr Tax-4	(34,496 00)	Fr Tax-4
Realized Gain/Loss	<u>(2,140.48)</u>		<u>(15,785.48)</u>	

Air Products and Chemicals

Sale	136,027 14	Fr Tax-5	136,027 14	Fr Tax-5
Cost Basis	(120,064 00)	Fr Tax-4	(160,656 00)	Fr Tax-4
Realized Gain/Loss	<u>15,963.14</u>		<u>(24,628.86)</u>	

L/T PROCEEDS - DONATED STOCK
L/T COST - DONATED STOCK

	184,732.19		184,732.19	
	<u>(178,324.00)</u>		<u>(255,427.00)</u>	

TOTAL L/T GAIN/LOSS FROM DONATED STOCK

	<u>6,408.19</u>		<u>(70,694.81)</u>	
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Total L/T proceeds per Form 1099 899,834 53
Total L/T proceeds from sales of donated stock 184,732 19
Total L/T Proceeds of Purchased Stock 715,102 34

Total L/T Cost basis per Realized gain/loss schedule 1,152,646 10
Total L/T Cost basis from sales of donated stock 191,967 56

Total L/T Cost of Purchased Stock 960,678 54

L/T PROCEEDS - PURCHASED STOCK
L/T COST - PURCHASED STOCK

	715,102.34			
	<u>(960,678.54)</u>			

L/T LOSS - PURCHASED STOCK

	<u>(245,576.20)</u>			
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tax - C

Capital Gains - Last year

1/1/2009 through 12/31/2009

3/25/2010

Account	Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realized Gain/L.
SHORT TERM							
Family Foundation	Wisdomtree Trust MidCap	7 490	6/30/2008	5/26/2009	247.09	317.13	-70.04
Family Foundation	Wisdomtree Trust MidCap	0 895	9/29/2008	5/26/2009	29.51	35.43	-5.92
Family Foundation	Wisdomtree Trust MidCap	17 006	12/29/2008	5/26/2009	561.02	472.14	88.88
Family Foundation	Wisdomtree Trust MidCap	17 050	5/13/2009	5/26/2009	562.45	511.49	50.96
Family Foundation	LAUDUS US LARGE CAP-IN	532.224	12/17/2008	6/19/2009	3,757.50	3,709.60	47.90
Family Foundation	HARBOR CAP APPRECIATI	12.554	12/19/2008	6/25/2009	331.30	288.11	43.19
Family Foundation	CHINA FUND INC	12 000	1/23/2009	11/5/2009	320.75	191.64	129.11
Family Foundation	CHINA FUND INC	133 000	1/23/2009	11/5/2009	3,555.00	2,124.01	1,430.99
Family Foundation	HARBOR INTERNATIONAL	67 208	12/19/2008	11/5/2009	3,619.70	2,624.47	995.23
TOTAL SHORT TERM					12,984.32	10,274.02	2,710.30
LONG TERM							
Family Foundation	Wisdomtree Trust MidCap	200.000	1/16/2008	5/26/2009	6,609.82	8,381.66	-1,771.84
Family Foundation	Wisdomtree Trust MidCap	1,000 000	1/16/2008	5/26/2009	32,989.15	41,908.29	-8,919.14
Family Foundation	Wisdomtree Trust MidCap	448 000	3/24/2008	5/26/2009	14,779.14	19,225.82	-4,446.68
Family Foundation	Wisdomtree Trust MidCap	0.807	3/24/2008	5/26/2009	26.61	34.62	-8.01
Family Foundation	Wisdomtree Trust MidCap	251 193	3/24/2008	5/26/2009	8,286.65	10,779.91	-2,493.26
Family Foundation	Wisdomtree Trust MidCap	6.366	3/31/2008	5/26/2009	210.02	266.65	-56.63
Family Foundation	Wisdomtree Trust MidCap	600 000	4/30/2008	5/26/2009	19,793.49	26,648.95	-6,855.46
Family Foundation	LAUDUS US LARGE CAP-IN	11,080 332	1/17/2008	6/19/2009	78,227.14	120,000.00	-41,772.86
Family Foundation	LAUDUS US LARGE CAP-IN..	8,595.989	3/24/2008	6/19/2009	60,687.68	90,000.00	-29,312.32
Family Foundation	LAUDUS US LARGE CAP-IN ..	9,057.971	4/30/2008	6/19/2009	63,949.27	100,000.00	-36,050.73
Family Foundation	HARBOR CAP APPRECIATI.	3,511 853	1/17/2008	6/25/2009	92,677.80	120,000.00	-27,322.20
Family Foundation	HARBOR CAP APPRECIATI.	2,709 211	3/24/2008	6/25/2009	71,496.08	90,000.00	-18,503.92
Family Foundation	HARBOR CAP APPRECIATI	2,881.844	4/30/2008	6/25/2009	76,051.86	100,000.00	-23,948.14
Family Foundation	ISHARES MSCI AUS IDX FD	900 000	12/6/2007	11/5/2009	20,278.27	28,597.50	-8,319.23
Family Foundation	CHINA MEDICAL TECH AD	37 000	12/6/2007	11/5/2009	564.30	1,652.61	-1,088.31
Family Foundation	CHINA FUND INC	700 000	12/6/2007	11/5/2009	18,710.52	34,415.50	-15,704.98
Family Foundation	CHINA FUND INC	5 000	1/25/2008	11/5/2009	133.65	172.80	-39.15
Family Foundation	CHINA FUND INC	57 000	1/25/2008	11/5/2009	1,523.57	1,959.92	-445.35
Family Foundation	CHINA FUND INC	182 000	1/25/2008	11/5/2009	4,864.73	6,289.92	-1,425.19
Family Foundation	HARBOR INTERNATIONAL	1,153.078	1/17/2008	11/5/2009	62,102.75	75,000.00	-12,897.25
Family Foundation	HARBOR INTERNATIONAL	1,166.719	3/24/2008	11/5/2009	62,837.43	75,000.00	-12,162.57
Family Foundation	HARBOR INTERNATIONAL	1,056 378	4/30/2008	11/5/2009	56,894.65	75,000.00	-18,105.35
Family Foundation	CHINA MEDICAL TECH AD	63 000	12/6/2007	11/5/2009	960.85	2,813.90	-1,853.05
Family Foundation	CHINA MEDICAL TECH AD ..	100 000	12/6/2007	11/5/2009	1,526.16	4,466.50	-2,940.34
Family Foundation	CHINA MEDICAL TECH AD...	500 000	12/6/2007	11/5/2009	7,625.80	22,332.50	-14,706.70
Family Foundation	Air Products	393 000	5/22/2008	11/16/2009	33,409.64	23,994.87	9,414.77
Family Foundation	Air Products	100 000	5/22/2008	11/16/2009	8,503.18	6,105.57	2,397.61
Family Foundation	Air Products	600 000	5/22/2008	11/16/2009	51,012.48	36,633.39	14,379.09
Family Foundation	Air Products	300 000	5/22/2008	11/16/2009	25,503.54	18,316.70	7,186.84

3/25/2010

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Capital Gains - Last year

1/1/2009 through 12/31/2009

Account	Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realized Gain/L
* Family Foundation	Air Products	7 000	5/22/2008	11/16/2009	595 15	427.39	167 76
* Family Foundation	Air Products	100 000	5/22/2008	11/16/2009	8,500 97	6,105 56	2,395 41
* Family Foundation	Air Products	100 000	5/22/2008	11/16/2009	8,502.18	6,105 57	2,396.61
TOTAL LONG TERM					899,834.53	1,152,646.10	-252,811.57
OVERALL TOTAL					912,818.85	1,162,920.12	-250,101 27