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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 PEPPER FAMILY FOUNDATION		A Employer identification number 36-3540747
	C/O RICHARD S. PEPPER		B Telephone number 312-266-4703
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	
	643 NORTH ORLEANS		
	City or town, state, and ZIP code CHICAGO, IL 60610		C If exemption application is pending, check here ☐
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation			D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 7,553,278.	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 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)
1 Contributions, gifts, grants, etc., received		4,200,000.		N/A	
2 Check ☐ if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments		95,431.	95,431.		STATEMENT 1
4 Dividends and interest from securities		51,787.	51,787.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		<1,155.>			
b Gross sales price for all assets on line 6a	320,557.				
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		4,346,063.	147,218.		
13 Compensation of officers, directors, trustees, etc		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees STMT 3		698.	698.		0.
b Accounting fees STMT 4		2,650.	2,650.		0.
c Other professional fees STMT 5		6,428.	6,428.		0.
17 Interest					
18 Taxes					
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 6		25.	25.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		9,801.	9,801.		0.
25 Contributions, gifts, grants paid		1,409,000.			1,409,000.
26 Total expenses and disbursements. Add lines 24 and 25		1,418,801.	9,801.		1,409,000.
27 Subtract line 26 from line 12:		2,927,262.			
a Excess of revenue over expenses and disbursements			137,417.		
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)				N/A	

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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 (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	2,552,321.	2,380,712.	2,380,712.
	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			
	c Investments - corporate bonds			
Liabilities	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 7	1,998,079.	5,096,950.	5,172,566.
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers)	4,550,400.	7,477,662.	7,553,278.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
Net Assets or Fund Balances	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 ▶ ☐			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☒			
	27 Capital stock, trust principal, or current funds	4,550,400.	7,477,662.	
	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	4,550,400.	7,477,662.		
31 Total liabilities and net assets/fund balances	4,550,400.	7,477,662.		

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	4,550,400.
2 Enter amount from Part I, line 27a	2	2,927,262.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	7,477,662.
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	7,477,662.

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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	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a			
b SEE ATTACHED STATEMENT			
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			
b			
c			
d			
e 320,557.		321,712.	<1,155.>

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			
b			
c			
d			
e			<1,155.>

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	<1,155.>
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	2,416,450.	1,132,487.	2.133755
2007	2,962,759.	2,226,337.	1.330777
2006	2,247,260.	3,263,196.	.688668
2005	700,426.	3,510,756.	.199509
2004	631,155.	3,115,340.	.202596

2 Total of line 1, column (d)	2	4.555305
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	.911061
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	4,770,323.
5 Multiply line 4 by line 3	5	4,346,055.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,374.
7 Add lines 5 and 6	7	4,347,429.
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	1,409,000.

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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 ☐ and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		1	2,748.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2		3	2,748.
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	2,748.
6 Credits/Payments:			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	3,550.	
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	3,550.	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ 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	802.	
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax	11	802.	Refunded

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. \$ 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? If "Yes," attach a detailed description of the activities.	2	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	3	X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	4b	N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.	5	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?	6	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.	7	X
8a Enter the states to which the foundation reports or with which it is registered (see instructions)		IL
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	8b	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	9	X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10	X

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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?	13	X	

Website address ► **N/A**

14 The books are in care of ► **RICHARD S. PEPPER** Telephone no. ► **312-266-4703**
 Located at ► **643 NORTH ORLEANS; CHICAGO, IL** ZIP+4 ► **60610**

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? ☐ Yes ☒ No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ 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)? ☐ Yes ☒ 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.) ☐ Yes ☒ 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)? N/A	1b	
Organizations relying on a current notice regarding disaster assistance check here ☐		
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? X	1c	
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? ☐ Yes ☒ 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? ☐ Yes ☒ 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? X	4a	
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? X	4b	

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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**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** ☒

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
SEE STATEMENT 8		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 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	2,324,029.
b	Average of monthly cash balances	1b	2,518,939.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	4,842,968.
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	4,842,968.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	72,645.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,770,323.
6	Minimum investment return. Enter 5% of line 5	6	238,516.

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	238,516.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	2,748.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,748.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	235,768.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	235,768.
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	235,768.

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	1,409,000.
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	1,409,000.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,409,000.

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				235,768.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004	478,790.			
b From 2005	526,628.			
c From 2006	2,087,902.			
d From 2007	2,857,924.			
e From 2008	2,359,926.			
f Total of lines 3a through e	8,311,170.			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ \$ 1,409,000.				
a Applied to 2008, 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 2009 distributable amount				235,768.
e Remaining amount distributed out of corpus	1,173,232.			
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	9,484,402.			
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				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 2004 not applied on line 5 or line 7	478,790.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	9,005,612.			
10 Analysis of line 9:				
a Excess from 2005	526,628.			
b Excess from 2006	2,087,902.			
c Excess from 2007	2,857,924.			
d Excess from 2008	2,359,926.			
e Excess from 2009	1,173,232.			

N/A

- ☐ 4942(1)(3) or ☐ 4942(1)(5)

- [illegible]

10
2009.03010 PEPPER FAMILY FOUNDATION C/ 071628 1

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE ATTACHED LIST				1,409,000.
Total			▶ 3a	1,409,000.
b Approved for future payment NONE				
Total			▶ 3b	0.

Enter gross amounts unless otherwise indicated.

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

- | | | | | |
|----------|--|--------------|------------|-----------|
| 1 | Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | Yes | No |
| a | Transfers from the reporting foundation to a noncharitable exempt organization of: | | | |
| | (1) Cash | 1a(1) | | X |
| | (2) Other assets | 1a(2) | | X |
| b | Other transactions: | | | |
| | (1) Sales of assets to a noncharitable exempt organization | 1b(1) | | X |
| | (2) Purchases of assets from a noncharitable exempt organization | 1b(2) | | X |
| | (3) Rental of facilities, equipment, or other assets | 1b(3) | | X |
| | (4) Reimbursement arrangements | 1b(4) | | X |
| | (5) Loans or loan guarantees | 1b(5) | | X |
| | (6) Performance of services or membership or fundraising solicitations | 1b(6) | | X |
| c | Sharing of facilities, equipment, mailing lists, other assets, or paid employees | 1c | | X |
| d | If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received. | | | |

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

(a) Name of organization	(b) Type of organization	(c) Description of relationship
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 of officer or trustee

Date _____

Title

Sign Here

**Paid
Preparer's
Use Only**Preparer's
signature

**Firm's name (or yours
if self-employed),
address, and ZIP code**

Mark J. CR
PASQUESI SHEPPARD LLC
585 BANK LANE
LAKE FOREST, IL 60045

Date

3/2/10

Check if self-employed	
------------------------	--

FIN ▶

Preparer's identifying number

PO008829

Phone no. 847 234-5000

Form **990-PF** (2009)

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

PEPPER FAMILY FOUNDATION
C/O RICHARD S. PEPPER

Employer identification number

36-3540747

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 foundationCheck 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
PEPPER FAMILY FOUNDATION
C/O RICHARD S. PEPPER

Employer identification number

36-3540747**Part I Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	RICHARD S. PEPPER 643 NORTH ORLEANS CHICAGO, IL 60610	\$ 3,500,000.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
2	THE PEPPER COMPANIES, INC. 643 NORTH ORLEANS CHICAGO, IL 60610	\$ 700,000.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
			Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

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	50000 UNITS FEDERAL NATL MTG ASSN 6.2%	P	12/26/08	04/06/09
b	50000 UNITS FEDERAL NATL MTG ASSN 4.0%	P	12/26/08	05/05/09
c	102000 UNITS FEDERAL HOME LN MTG CORP 5.75%	P	12/26/08	05/15/09
d	25000 UNITS FEDERAL HOME LN MTG CORP 6.0%	P	12/26/08	06/15/09
e	40000 UNITS FEDERAL NATL MTG ASSN FANNIE 6.0%	P	12/26/08	10/15/09
f	50000 UNITS FEDERAL NATL MTG ASSN 5.5%	P	12/26/08	12/14/09
g	CAPITAL GAINS DIVIDENDS			
h				
i				
j				
k				
l				
m				
n				
o				

(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 50,000.		50,079.	<79.>
b 50,000.		50,029.	<29.>
c 102,000.		103,533.	<1,533.>
d 25,000.		25,507.	<507.>
e 40,000.		40,870.	<870.>
f 50,000.		51,694.	<1,694.>
g 3,557.			3,557.
h			
i			
j			
k			
l			
m			
n			
o			

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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			<79.>
b			<29.>
c			<1,533.>
d			<507.>
e			<870.>
f			<1,694.>
g			3,557.
h			
i			
j			
k			
l			
m			
n			
o			

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	<1,155.>
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

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
HARRIS BANK	40,764.
SECURITIES AMERICA	54,667.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	95,431.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
SECURITIES AMERICA, INC.	111.	0.	111.
VANGUARD INVESTMENTS	55,233.	3,557.	51,676.
TOTAL TO FM 990-PF, PART I, LN 4	55,344.	3,557.	51,787.

FORM 990-PF LEGAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	698.	698.		0.
TO FM 990-PF, PG 1, LN 16A	698.	698.		0.

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	2,650.	2,650.		0.
TO FORM 990-PF, PG 1, LN 16B	2,650.	2,650.		0.

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
BANK & INVESTMENT FEES	6,428.	6,428.			0.
TO FORM 990-PF, PG 1, LN 16C	6,428.	6,428.			0.

FORM 990-PF	OTHER EXPENSES			STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
STATE FEES	25.	25.			0.
TO FORM 990-PF, PG 1, LN 23	25.	25.			0.

FORM 990-PF	OTHER INVESTMENTS		STATEMENT	7
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE	
OTHER INVESTMENTS	COST	5,096,950.	5,172,566.	
TOTAL TO FORM 990-PF, PART II, LINE 13		5,096,950.	5,172,566.	

FORM 990-PF	PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS	STATEMENT 8
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NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
RICHARD S. PEPPER 643 NORTH ORLEANS STREET CHICAGO, IL 60610	DIRECTOR, PRESIDENT, TREAS. 0.00	0.	0.	0.
ROXELYN M. PEPPER 643 NORTH ORLEANS STREET CHICAGO, IL 60610	DIRECTOR, V.P. 0.00	0.	0.	0.
THOMAS M. O'LEARY 643 NORTH ORLEANS STREET CHICAGO, IL 60610	SECRETARY 0.00	0.	0.	0.
J. DAVID PEPPER 643 NORTH ORLEANS STREET CHICAGO, IL 60610	DIRECTOR 0.00	0.	0.	0.
LYNDA BOLLMAN 343 SOUTH GRAYFRIAR LANE INVERNESS, IL 60067	DIRECTOR 0.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

PEPPER FAMILY FOUNDATION

CHARITABLE CONTRIBUTIONS

12/31/2009

<u>NAME AND ADDRESS</u>	<u>RECIPIENT RELATIONSHIP</u>	<u>RECIPIENT STATUS</u>	<u>PURPOSE OF GRANT</u>	<u>AMOUNT</u>
Archdiocese of Chicago 835 N Rush Street Chicago, IL 60611	None	501 (c) (3)	Endowment	25,000 00
Art Institute of Chicago Michigan Avenue at Adams Chicago, IL 60602	None	501 (c) (3)	Operating Funds	35,000.00
Associated Colleges of Illinois 150 N. Wacker Drive #1350 Chicago, IL 60606	None	501 (c) (3)	Operating Funds	21,000 00
Barrington Area Council on Aging 6000 Garlands Lane, Suite 100 Barrington, IL 60010	None	501 (c) (3)	Operating Funds	5,000 00
Big Shoulders Fund 309 W. Washington, Suite 550 Chicago, IL 60606	None	501 (c) (3)	Operating Funds	10,000 00
CASA of Lake County 1020 Milwaukee Ave. Deerfield, IL 60015	None	501 (c) (3)	Operating Funds	1,000.00
Chicago Botanic Garden 1000 Lake Cook Road Glencoe, IL 60022	None	501 (c) (3)	Operating Funds	5,000 00
Chicago History Museum 1601 N Clark Street Chicago, IL 60614	None	501 (c) (3)	Operating Funds	2,500.00
Chicago Symphony Orchestra 67 E. Adams Street Chicago, IL 60603	None	501 (c) (3)	Operating Funds	7,500.00
Dominican University 7900 West Division St. River Forest, IL 60305	None	501 (c) (3)	Operating Funds	50,000 00
Genevieve Melody Elementary School 412 S. Keeler Avenue Chicago, IL 60624	None	501 (c) (3)	Operating Funds	20,000.00
Hershima Kenya PO Box 408077 Chicago, IL 60640	None	501 (c) (3)	Operating Funds	5,000 00

PEPPER FAMILY FOUNDATION

CHARITABLE CONTRIBUTIONS

12/31/2009

<u>NAME AND ADDRESS</u>	<u>RECIPIENT RELATIONSHIP</u>	<u>RECIPIENT STATUS</u>	<u>PURPOSE OF GRANT</u>	<u>AMOUNT</u>
Homan Square Community Center 3517 West Arthington St. Chicago, IL 60624	None	501 (c) (3)	Operating Funds	50,000 00
Hospice Foundation of Northeastern Illinois 410 S. Hagar Street Barrington, IL 60010	None	501 (c) (3)	Operating Funds	630,000 00
Kohl Children's Museum 2100 Patriot Boulevard Glenview, IL 60026	None	501 (c) (3)	Operating Funds	25,000.00
Lawrence Hall Youth Services 4833 N Francisco Ave Chicago, IL 60625	None	501 (c) (3)	Operating Funds	50,000 00
Lincoln Park Zoo 2200 N Cannon Dr Chicago, IL 60614	None	501 (c) (3)	Operating Funds	116,000 00
Morris Hospital Foundation 150 West High Street Morris, IL 60450	None	501 (c) (3)	Operating Funds	10,000 00
Museum of Science and Industry 57th and Lake Shore Drive Chicago, IL 60637	None	501 (c) (3)	Operating Funds	10,000 00
The Newberry Library 60 W Walton St Chicago, IL 60610	None	501 (c) (3)	Operating Funds	5,000 00
The NISRA Foundation 820 E. Terra Cotta Avenue, Suite 125 Crystal Lake, IL 60014	None	501 (c) (3)	Operating Funds	50,000 00
North Shore University Health System 1033 University Place #450 Evanston, IL 60201	None	501 (c) (3)	Operating Funds	25,000 00
Northwestern University 1501 Central Street Evanston, IL 60208	None	501 (c) (3)	Operating Funds	35,000 00
Palos Community Hospital 12251 S 80th Ave Palos Heights, IL 60463	None	501 (c) (3)	Operating Funds	25,000 00

PEPPER FAMILY FOUNDATION

CHARITABLE CONTRIBUTIONS

12/31/2009

<u>NAME AND ADDRESS</u>	<u>RECIPIENT RELATIONSHIP</u>	<u>RECIPIENT STATUS</u>	<u>PURPOSE OF GRANT</u>	<u>AMOUNT</u>
Provena Saint Joseph Medical Center 333 N. Madison St. Joliet, IL 60435	None	501 (c) (3)	Operating Funds	25,000.00
Purdue University 403 West Wood Street West Lafayette, IN 47907	None	501 (c) (3)	Operating Funds	10,000 00
Riley Children's Foundation 30 South Meridian Street, Suite 200 Indianapolis, IN 46204	None	501 (c) (3)	Endowment	50,000 00
Rush University Medical Center 1700 West Van Buren, Suite 250 Chicago, IL 60612	None	501 (c) (3)	Operating Funds	50,000 00
St Leonard's Ministries 2100 West Warren Blvd Chicago, IL 60612	None	501 (c) (3)	Operating Funds	5,000.00
Sunday Evening Club 200 N. Michigan Avenue, Suite 403 Chicago, IL 60660-5906	None	501 (c) (3)	Operating Funds	1,000 00
Swedish Covenant Hospital 5145 N California Ave Chicago, IL 60625	None	501 (c) (3)	Operating Funds	50,000.00
TOTAL TO FORM 990-PF, PART XV, LINE 3A				<u>1,409,000.00</u>