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Form

990Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2009**Open to Public
Inspection****A** For the 2009 calendar year, or tax year beginning , and ending**B** Check if applicable☐ Address change☐ Name change☐ Initial return☐ Termination☐ Amended return☐ Application pendingPlease
use IRS
label or
print or
type.
See
Specific
Instruc-
tions.**C** Name of organization**FATHER FRED FOUNDATION**

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

P.O. BOX 2260

Room/suite

City or town, state or country, and ZIP + 4

TRAVERSE CITY**MI 49685-2260****F** Name and address of principal officer**MATT DESMOND****P.O. BOX 2260****TRAVERSE CITY****MI 49685-2260****D** Employer identification number**38-2908199****E** Telephone number**231-947-2055****G** Gross receipts \$ **3,155,022****H(a)** Is this a group return for

affiliates?

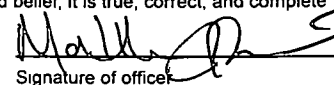
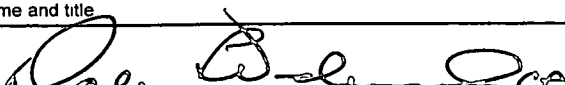
☐ Yes☒ No**H(b)** Are all affiliates
included?☐ Yes☐ No

If "No," attach a list (see instructions)

I Tax-exempt status ☒ 501(c) (**3**) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527**J** Website ▶ **WWW.FATHERFREDFOUNDATION.COM****H(c)** Group exemption number ▶**K** Type of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation **1989****M** State of legal domicile **MI****Part I Summary**

| | | | |
|--|--|---|---------------------------|
| Activities & Governance | 1 Briefly describe the organization's mission or most significant activities | | |
| | THE FATHER FRED FOUNDATION'S PRIMARY EXEMPT PURPOSE IS TO ASSIST THE MENTALLY DISTRESSED, PHYSICALLY DISEASED, POOR, HUNGRY, AND SUFFERING IN RECEIVING FOOD, SHELTER, CLOTHING, MEDICAL AID AND OTHER EMERGENCY NEEDS. | | |
| | 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets | | |
| | 3 Number of voting members of the governing body (Part VI, line 1a) | 3 | 10 |
| | 4 Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 10 |
| | 5 Total number of employees (Part V, line 2a) | 5 | 10 |
| | 6 Total number of volunteers (estimate if necessary) | 6 | 190 |
| Revenue | 7a Total gross unrelated business revenue from Part VIII, column (C), line 12 | 7a | |
| | b Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0 |
| | 8 Contributions and grants (Part VIII, line 1h) | Prior Year | Current Year |
| | 9 Program service revenue (Part VIII, line 2g) | 1,635,893 | 2,261,501 |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 27,994 | -111,037 |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 145,020 | 217,122 |
| | 12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 1,808,907 | 2,367,586 |
| | 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 908,511 | 1,548,617 |
| | 14 Benefits paid to or for members (Part IX, column (A), line 4) | | |
| | Expenses | 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 70,755 |
| 16a Professional fundraising fees (Part IX, column (A), line 11e) | | | |
| b Total fundraising expenses (Part IX, column (D), line 25) ▶ 95,811 | | | |
| 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) | | 249,598 | 255,084 |
| 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) | | 1,228,864 | 2,092,924 |
| 19 Revenue less expenses Subtract line 18 from line 12 | | 580,043 | 274,662 |
| Net Assets or Fund Balances | | 20 Total assets (Part X, line 16) | Beginning of Current Year |
| | 21 Total liabilities (Part X, line 26) | 4,334,825 | 4,639,279 |
| | 22 Net assets or fund balances Subtract line 21 from line 20 | 206,499 | 31,698 |
| | | 4,128,326 | 4,607,581 |

Part II Signature Block

| | | | | |
|--------------------------|---|--|---|---|
| Sign Here | 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 officer) is based on all information of which preparer has any knowledge. | | | |
| |  Signature of officer MATT DESMOND Type or print name and title | | Date 15/12/10 | |
| Paid Preparer's Use Only | Preparer's signature  KALCHER, VANDERWAL & TORREY, PC Firm's name (or yours if self-employed), address, and ZIP + 4 928 S GARFIELD AVE STE 3 TRAVERSE CITY, MI 49686 | | Date 05/13/10 | Check if self-employed <input type="checkbox"/> |
| | Preparer's identifying number (see instructions) P00142088 | | EIN ▶ 38-2095735 Phone no ▶ 231-946-2300 | |

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ NoFor Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.
DAAForm **990** (2009)

617 7

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

THE FATHER FRED FOUNDATION'S PRIMARY EXEMPT PURPOSE IS TO ASSIST THE MENTALLY DISTRESSED, PHYSICALLY DISEASED, POOR, HUNGRY, AND SUFFERING IN RECEIVING FOOD, SHELTER, CLOTHING, MEDICAL AID AND OTHER EMERGENCY NEEDS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ **1,919,769** including grants of \$ **1,548,617**) (Revenue \$)
2009 FINANCIAL ASSISTANCE WAS GIVEN FOR THE PAYMENT OF UTILITIES, HEATING COSTS, TRANSPORTATION, MEDICAL ASSISTANCE, TEMPORARY SHELTER, AND FOOD AND CLOTHING. NON-CASH SUPPORT WAS GIVEN TO THOSE IN NEED FOR FOOD, CLOTHING, TRANSPORTATION, AND NUMEROUS OTHER PURPOSES. DURING 2009, 5,200 FAMILIES WERE PROVIDED SUPPORT.

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ► **1,919,769**

Part IV Checklist of Required Schedules

| | Yes | No |
|--|----------|----------|
| 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A | X | |
| 2 Is the organization required to complete Schedule B, Schedule of Contributors? | X | |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I | | X |
| 4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II | | X |
| 5 Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III | | |
| 6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I | | X |
| 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II | | X |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III | | X |
| 9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV | | X |
| 10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V | | X |
| 11 Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | X | |
| • Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI | | |
| • Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII | | |
| • Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII | | |
| • Did the organization report an amount for other assets related in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX | | |
| • Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X | | |
| • Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X | | |
| 12 Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII | X | |
| 12A Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional | X | |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E | | X |
| 14a Did the organization maintain an office, employees, or agents outside of the United States? | | X |
| b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Part I | | X |
| 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II | | X |
| 16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III | | X |
| 17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I | | X |
| 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II | X | |
| 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III | | X |
| 20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H | | X |

Part IV Checklist of Required Schedules (continued)

| | Yes | No |
|--|----------|----------|
| 21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II | | X |
| 22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III | X | |
| 23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J | | X |
| 24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25 | | X |
| 24b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | | |
| 24c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | | |
| 24d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | | |
| 25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I | | X |
| 25b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I | | X |
| 26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II | | X |
| 27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III | | X |
| 28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | |
| a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV | X | |
| 28b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV | | X |
| 28c An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV | | X |
| 29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M | X | |
| 30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M | | X |
| 31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I | | X |
| 32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II | | X |
| 33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I | | X |
| 34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1 | | X |
| 35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 | | X |
| 36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2 | | X |
| 37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI | | X |
| 38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O | X | |

Part V Statements Regarding Other IRS Filings and Tax Compliance

| | | Yes | No |
|------------|--|----------|----------|
| 1a | Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U S Information Returns. Enter -0- if not applicable. | | |
| 1a | 8 | | |
| 1b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. | | |
| 1b | 10 | | |
| 1c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | X | |
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. | | |
| 2a | 10 | | |
| 2b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions). | X | |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? | | X |
| 3b | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O. | | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | | X |
| 4b | If "Yes," enter the name of the foreign country: See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | | X |
| 5b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | X |
| 5c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction? | | |
| 6a | Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? | | X |
| 6b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | | |
| 7 | Organizations that may receive deductible contributions under section 170(c). | | |
| 7a | Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? | | X |
| 7b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | | |
| 7c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | | X |
| 7d | If "Yes," indicate the number of Forms 8282 filed during the year. | | |
| 7e | Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | | X |
| 7f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | | X |
| 7g | For all contributions of qualified intellectual property, did the organization file Form 8899 as required? | | |
| 7h | For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? | | |
| 8 | Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | | |
| 9 | Sponsoring organizations maintaining donor advised funds. | | |
| 9a | Did the organization make any taxable distributions under section 4966? | | |
| 9b | Did the organization make a distribution to a donor, donor advisor, or related person? | | |
| 10 | Section 501(c)(7) organizations. Enter | | |
| 10a | Initiation fees and capital contributions included on Part VIII, line 12. | | |
| 10b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. | | |
| 11 | Section 501(c)(12) organizations. Enter | | |
| 11a | Gross income from members or shareholders. | | |
| 11b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). | | |
| 12a | Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | | |
| 12b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year. | | |

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

- 1a** Enter the number of voting members of the governing body **10**
- b** Enter the number of voting members that are independent **10**
- 2** Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? **2** **X**
- 3** Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? **3** **X**
- 4** Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? **4** **X**
- 5** Did the organization become aware during the year of a material diversion of the organization's assets? **5** **X**
- 6** Does the organization have members or stockholders? **6** **X**
- 7a** Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? **7a** **X**
- b** Are any decisions of the governing body subject to approval by members, stockholders, or other persons? **7b** **X**
- 8** Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following
- a** The governing body? **8a** **X**
- b** Each committee with authority to act on behalf of the governing body? **8b** **X**
- 9** Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O **9** **X**

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

- 10a** Does the organization have local chapters, branches, or affiliates? **10a** **X**
- b** If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? **10b**
- 11** Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? **11** **X**
- 11a** Describe in Schedule O the process, if any, used by the organization to review this Form 990
- 12a** Does the organization have a written conflict of interest policy? If "No," go to line 13 **12a** **X**
- b** Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? **12b** **X**
- c** Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done **12c** **X**
- 13** Does the organization have a written whistleblower policy? **13** **X**
- 14** Does the organization have a written document retention and destruction policy? **14** **X**
- 15** Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?
- a** The organization's CEO, Executive Director, or top management official **15a** **X**
- b** Other officers or key employees of the organization **15b** **X**
- If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)
- 16a** Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? **16a** **X**
- b** If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? **16b**

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► **MI**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► **MATT DESMOND, TREASURER** **826 HASTINGS**

TRAVERSE CITY

MI 49686

231-947-2055

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

☒ Check this box if the organization did not compensate any current officer, director, or trustee

[illegible]

(F)
Estimated
amount of
other
compensation
from the
organization
and related
organizations

1b Total

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization ► 0

3 Did the organization list any **former officer, director or trustee, key employee, or highest compensated**
employee on line 1a? If "Yes," complete Schedule J for such individual

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from
the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such
individual

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization for
services rendered to the organization? If "Yes," complete Schedule J for such person

| | |
|-----|----|
| Yes | No |
|-----|----|

3

x

4

X

5

X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A)
Name and business address

(B)
Description of services

(C)
Compensation

WORK LIFE FINANCIAL
TROY

700 TOWER DRIVE

MI 48098

EMPLOYEE LEASE

262,850

HALLMARK CONSTRUCTION, INC.
TRAVERSE CITY

| | |
|------|------------------------------------|
| 1874 | CASS HARTMAN COURT CONSTRUCTION |
|------|------------------------------------|

120,405

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ►

2

Part VIII Statement of Revenue

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|--|-------------------|----------------------|--|---|---|
| Contributions, gifts, grants and other similar amounts | 1a Federated campaigns | 1a | | | | |
| | b Membership dues | 1b | | | | |
| | c Fundraising events | 1c | | | | |
| | d Related organizations | 1d | | | | |
| | e Government grants (contributions) | 1e | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | 2,261,501 | | | |
| | g Noncash contributions included in lines 1a-1f | \$ | 1,103,941 | | | |
| h Total. Add lines 1a-1f | | | 2,261,501 | | | |
| Program Service Revenue | Busn. Code | | | | | |
| | 2a | | | | | |
| | b | | | | | |
| | c | | | | | |
| | d | | | | | |
| | e | | | | | |
| | f All other program service revenue | | | | | |
| g Total. Add lines 2a-2f | | | | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts) | | | 47,665 | | 47,665 |
| | 4 Income from investment of tax-exempt bond proceeds | | | | | |
| | 5 Royalties | | | | | |
| | | | (i) Real | (ii) Personal | | |
| | 6a Gross Rents | | | | | |
| | b Less: rental exps | | | | | |
| | c Rental inc or (loss) | | | | | |
| | d Net rental income or (loss) | | | | | |
| | 7a Gross amount from sales of assets other than inventory | | (i) Securities | (ii) Other | | |
| | | | 566,458 | | | |
| | b Less: cost or other basis & sales exps | | 725,082 | 78 | | |
| | c Gain or (loss) | | -158,624 | -78 | | |
| | d Net gain or (loss) | | | | -158,702 | -158,702 |
| | 8a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18 | | a | 279,398 | | |
| | b Less: direct expenses | | b | 62,276 | | |
| | c Net income or (loss) from fundraising events | | | 217,122 | | 217,122 |
| | 9a Gross income from gaming activities. See Part IV, line 19 | | a | | | |
| | b Less: direct expenses | | b | | | |
| | c Net income or (loss) from gaming activities | | | | | |
| | 10a Gross sales of inventory, less returns and allowances | | a | | | |
| b Less: cost of goods sold | | b | | | | |
| c Net income or (loss) from sales of inventory | | | | | | |
| Miscellaneous Revenue | | Busn. Code | | | | |
| 11a | | | | | | |
| b | | | | | | |
| c | | | | | | |
| d All other revenue | | | | | | |
| e Total. Add lines 11a-11d | | | | | | |
| 12 Total Revenue. See instructions | | | 2,367,586 | 0 | 0 | 106,085 |

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|--|-----------------------|---------------------------------|--|-----------------------------|
| 1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21 | | | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | 1,548,617 | 1,548,617 | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | | | | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 244,420 | 193,092 | 19,554 | 31,774 |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 5,043 | 3,984 | 403 | 656 |
| 9 Other employee benefits | 17,930 | 14,165 | 1,434 | 2,331 |
| 10 Payroll taxes | 21,830 | 17,246 | 1,746 | 2,838 |
| 11 Fees for services (non-employees) | | | | |
| a Management | | | | |
| b Legal | 7,768 | 4,414 | 447 | 2,907 |
| c Accounting | 8,300 | 6,557 | 664 | 1,079 |
| d Lobbying | | | | |
| e Professional fundraising services See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other | | | | |
| 12 Advertising and promotion | 31,765 | 10,424 | 1,056 | 20,285 |
| 13 Office expenses | 28,101 | 20,703 | 2,096 | 5,302 |
| 14 Information technology | | | | |
| 15 Royalties | | | | |
| 16 Occupancy | 53,378 | 42,010 | 4,253 | 7,115 |
| 17 Travel | 3,892 | 3,075 | 312 | 505 |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | | | | |
| 20 Interest | 517 | 408 | 41 | 68 |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 75,248 | 59,446 | 6,020 | 9,782 |
| 23 Insurance | 9,342 | 7,379 | 748 | 1,215 |
| 24 Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below) | | | | |
| a TERMINATION OF LAND CONT. | 39,761 | | 39,761 | |
| b BOARD AND STAFF DEVELOPME | 6,906 | 5,456 | 552 | 898 |
| c VOLUNTEER EXPENSES | 5,686 | 4,492 | 455 | 739 |
| d LIFE INSURANCE PREMIUM | 5,337 | | | 5,337 |
| e FUNDRAISING EXPENSES | 3,359 | | | 3,359 |
| f All other expenses | -24,276 | -21,699 | -2,198 | -379 |
| 25 Total functional expenses. Add lines 1 through 24f | 2,092,924 | 1,919,769 | 77,344 | 95,811 |
| 26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

Part X Balance Sheet

| | | (A) Beginning of year | | (B) End of year |
|---|--|--------------------------|---------------|--------------------|
| Assets | 1 Cash—non-interest bearing | | 1 | |
| | 2 Savings and temporary cash investments | 622,482 | 2 | 620,917 |
| | 3 Pledges and grants receivable, net | | 3 | 149,447 |
| | 4 Accounts receivable, net | | 4 | 99,519 |
| | 5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | 5 | |
| | 6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L | | 6 | |
| | 7 Notes and loans receivable, net | 36,824 | 7 | 63,000 |
| | 8 Inventories for sale or use | | 8 | 29,667 |
| | 9 Prepaid expenses and deferred charges | | 9 | 22,476 |
| | 10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a 2,018,771 | | |
| | b Less accumulated depreciation | 10b 261,415 | 10c 1,757,356 | |
| | 11 Investments—publicly traded securities | 1,922,950 | 11 | 1,633,048 |
| | 12 Investments—other securities See Part IV, line 11 | 139,761 | 12 | 202,850 |
| | 13 Investments—program-related See Part IV, line 11 | | 13 | |
| | 14 Intangible assets | | 14 | |
| | 15 Other assets See Part IV, line 11 | 14,093 | 15 | 60,999 |
| 16 Total assets. Add lines 1 through 15 (must equal line 34) | 4,334,825 | 16 | 4,639,279 | |
| Liabilities | 17 Accounts payable and accrued expenses | | 17 | 26,232 |
| | 18 Grants payable | | 18 | |
| | 19 Deferred revenue | | 19 | |
| | 20 Tax-exempt bond liabilities | | 20 | |
| | 21 Escrow or custodial account liability Complete Part IV of Schedule D | | 21 | |
| | 22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | 22 | |
| | 23 Secured mortgages and notes payable to unrelated third parties | 206,499 | 23 | 5,466 |
| | 24 Unsecured notes and loans payable to unrelated third parties | | 24 | |
| | 25 Other liabilities Complete Part X of Schedule D | | 25 | |
| | 26 Total liabilities. Add lines 17 through 25 | 206,499 | 26 | 31,698 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | |
| | 27 Unrestricted net assets | 3,458,610 | 27 | 3,940,187 |
| | 28 Temporarily restricted net assets | 669,716 | 28 | 667,394 |
| | 29 Permanently restricted net assets | | 29 | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34. | | | |
| | 30 Capital stock or trust principal, or current funds | | 30 | |
| | 31 Paid-in or capital surplus, or land, building, or equipment fund | | 31 | |
| | 32 Retained earnings, endowment, accumulated income, or other funds | | 32 | |
| | 33 Total net assets or fund balances | 4,128,326 | 33 | 4,607,581 |
| | 34 Total liabilities and net assets/fund balances | 4,334,825 | 34 | 4,639,279 |

Part XI Financial Statements and Reporting

1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O

d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both

☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

| | Yes | No |
|-----------|----------|----------|
| 2a | | X |
| 2b | X | |
| 2c | X | |
| 3a | | X |
| 3b | | |

Form **990** (2009)

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

| Calendar year (or fiscal year beginning in) ► | (a) 2005 | (b) 2006 | (c) 2007 | (d) 2008 | (e) 2009 | (f) Total |
|--|----------|----------|-----------|-----------|-----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.") | 464,537 | 784,303 | 1,154,203 | 1,635,893 | 2,261,501 | 6,300,437 |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 Total. Add lines 1 through 3 | 464,537 | 784,303 | 1,154,203 | 1,635,893 | 2,261,501 | 6,300,437 |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | 260,945 |
| 6 Public support. Subtract line 5 from line 4 | | | | | | 6,039,492 |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ► | (a) 2005 | (b) 2006 | (c) 2007 | (d) 2008 | (e) 2009 | (f) Total |
|--|----------|----------|-----------|-----------|-----------|-----------|
| 7 Amounts from line 4 | 464,537 | 784,303 | 1,154,203 | 1,635,893 | 2,261,501 | 6,300,437 |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | 49,251 | 54,863 | 93,956 | 27,994 | 47,665 | 273,729 |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | 0 | |
| 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) | 36,894 | 39,668 | 50,190 | 145,020 | 217,122 | 488,894 |
| 11 Total support. Add lines 7 through 10 | | | | | | 7,063,060 |
| 12 Gross receipts from related activities, etc. (see instructions) | | | | | 12 | |
| 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/> | | | | | | |

Section C. Computation of Public Support Percentage

| | | |
|--|-----------|--------|
| 14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f)) | 14 | 85.51% |
| 15 Public support percentage from 2008 Schedule A, Part II, line 14 | 15 | 82.69% |
| 16a 33 1/3 % support test—2009. If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization <input checked="" type="checkbox"/> | | |
| b 33 1/3 % support test—2008. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/> | | |
| 17a 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/> | | |
| b 10%-facts-and-circumstances test—2008. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/> | | |
| 18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/> | | |

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

| Calendar year (or fiscal year beginning in) ► | (a) 2005 | (b) 2006 | (c) 2007 | (d) 2008 | (e) 2009 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.") | | | | | | |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose | | | | | | |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513 | | | | | | |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 6 Total. Add lines 1 through 5 | | | | | | |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons | | | | | | |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year | | | | | | |
| c Add lines 7a and 7b | | | | | | |
| 8 Public support (Subtract line 7c from line 6) | | | | | | |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ► | (a) 2005 | (b) 2006 | (c) 2007 | (d) 2008 | (e) 2009 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) | | | | | | |
| 13 Total support. (Add lines 9, 10c, 11, and 12) | | | | | | |
| 14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/> | | | | | | |

Section C. Computation of Public Support Percentage

| | | |
|--|-----------|---|
| 15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f)) | 15 | % |
| 16 Public support percentage from 2008 Schedule A, Part III, line 15 | 16 | % |

Section D. Computation of Investment Income Percentage

| | | |
|--|-----------|---|
| 17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f)) | 17 | % |
| 18 Investment income percentage from 2008 Schedule A, Part III, line 17 | 18 | % |
| 19a 33 1/3 % support tests—2009. If the organization did not check the box on line 14, and line 15 is more than 33 1/3 %, and line 17 is not more than 33 1/3 %, check this box and stop here. The organization qualifies as a publicly supported organization ► <input type="checkbox"/> | | |
| b 33 1/3 % support tests—2008. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3 %, and line 18 is not more than 33 1/3 %, check this box and stop here. The organization qualifies as a publicly supported organization ► <input type="checkbox"/> | | |
| 20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► <input type="checkbox"/> | | |

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Provide any other additional information. See instructions.

PART II, LINE 10 - OTHER INCOME DETAIL

SPECIAL EVENTS \$ 488,894

**SCHEDULE D
(Form 990)**Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**▶ Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009Open to Public
Inspection

Name of the organization

Employer identification number

FATHER FRED FOUNDATION**38-2908199****Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

| | (a) Donor advised funds | (b) Funds and other accounts |
|--|-------------------------|------------------------------|
| 1 Total number at end of year | | |
| 2 Aggregate contributions to (during year) | | |
| 3 Aggregate grants from (during year) | | |
| 4 Aggregate value at end of year | | |
| 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <input type="checkbox"/> Yes <input type="checkbox"/> No | | |

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

| | |
|---|--|
| <input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure) | <input type="checkbox"/> Preservation of an historically important land area |
| <input type="checkbox"/> Protection of natural habitat | <input type="checkbox"/> Preservation of certified historic structure |
| <input type="checkbox"/> Preservation of open space | |

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

| | Held at the End of the Tax Year |
|--|---------------------------------|
| a Total number of conservation easements | 2a |
| b Total acreage restricted by conservation easements | 2b |
| c Number of conservation easements on a certified historic structure included in (a) | 2c |
| d Number of conservation easements included in (c) acquired after 8/17/06 | 2d |

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _ _ _ _ _

4 Number of states where property subject to conservation easement is located ▶ _ _ _ _ _

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _ _ _ _ _

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _ _ _ _ _

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

| | |
|--|----------------|
| (i) Revenues included in Form 990, Part VIII, line 1 | ▶ \$ _ _ _ _ _ |
| (ii) Assets included in Form 990, Part X | ▶ \$ _ _ _ _ _ |

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

| | |
|--|----------------|
| a Revenues included in Form 990, Part VIII, line 1 | ▶ \$ _ _ _ _ _ |
| b Assets included in Form 990, Part X | ▶ \$ _ _ _ _ _ |

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
 b ☐ Scholarly research
 c ☐ Preservation for future generations
 d ☐ Loan or exchange programs
 e ☐ Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

- c Beginning balance
 d Additions during the year
 e Distributions during the year
 f Ending balance

| | Amount |
|----|--------|
| 1c | |
| 1d | |
| 1e | |
| 1f | |

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if organization answered "Yes" to Form 990, Part IV, line 10.

| | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|--|------------------|----------------|--------------------|----------------------|---------------------|
| 1a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ _____ %
 b Permanent endowment ▶ _____ %
 c Term endowment ▶ _____ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

- (i) unrelated organizations
 (ii) related organizations

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

| | Yes | No |
|--------|-----|----|
| 3a(i) | | |
| 3a(ii) | | |
| 3b | | |

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

| Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land | | 192,510 | | 192,510 |
| b Buildings | | 1,784,266 | 242,647 | 1,541,619 |
| c Leasehold improvements | | | | |
| d Equipment | | 41,995 | 18,768 | 23,227 |
| e Other | | | 0 | |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) | | | | 1,757,356 |

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

| | | | |
|----|---|----|-----------|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | 2,367,586 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 2,092,924 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 274,662 |
| 4 | Net unrealized gains (losses) on investments | 4 | 452,347 |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | 0 |
| 9 | Total adjustments (net) Add lines 4 through 8 | 9 | 452,347 |
| 10 | Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9 | 10 | 727,009 |

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

| | | | |
|---|--|----|-----------|
| 1 | Total revenue, gains, and other support per audited financial statements | 1 | 2,897,962 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | |
| a | Net unrealized gains on investments | 2a | 452,347 |
| b | Donated services and use of facilities | 2b | 78,029 |
| c | Recoveries of prior year grants | 2c | |
| d | Other (Describe in Part XIV) | 2d | |
| e | Add lines 2a through 2d | 2e | 530,376 |
| 3 | Subtract line 2e from line 1 | 3 | 2,367,586 |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1: | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | |
| c | Add lines 4a and 4b | 4c | |
| 5 | Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12) | 5 | 2,367,586 |

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | |
|---|---|----|-----------|
| 1 | Total expenses and losses per audited financial statements | 1 | 2,170,953 |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | | |
| a | Donated services and use of facilities | 2a | 78,029 |
| b | Prior year adjustments | 2b | |
| c | Other losses | 2c | |
| d | Other (Describe in Part XIV) | 2d | 0 |
| e | Add lines 2a through 2d | 2e | 78,029 |
| 3 | Subtract line 2e from line 1 | 3 | 2,092,924 |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | |
| c | Add lines 4a and 4b | 4c | |
| 5 | Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18) | 5 | 2,092,924 |

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part XIV Supplemental Information (continued)

Area with horizontal dashed lines for supplemental information.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

| | | (a) Event #1 | (b) Event #2 | (c) Other events | (d) Total events |
|-----------------|---|---------------------|---------------------|------------------|-------------------------------|
| | | <u>CIGAR DINNER</u> | <u>GARAGE SALES</u> | <u>3</u> | (add col (a) through col (c)) |
| | | (event type) | (event type) | (total number) | |
| Revenue | 1 Gross receipts | 148,464 | 52,318 | 78,616 | 279,398 |
| | 2 Less Charitable contributions | | | | |
| | 3 Gross revenue (line 1 minus line 2) | 148,464 | 52,318 | 78,616 | 279,398 |
| Direct Expenses | 4 Cash prizes | | | | |
| | 5 Noncash prizes | | | | |
| | 6 Rent/facility costs | | | | |
| | 7 Food and beverages | | | | |
| | 8 Entertainment | | | | |
| | 9 Other direct expenses | 46,947 | 6,010 | 9,319 | 62,276 |
| | 10 Direct expense summary Add lines 4 through 9 in column (d) | | | | 62,276 |
| | 11 Net income summary Combine line 3, column (d), and line 10 | | | | 217,122 |

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

| | | (a) Bingo | (b) Pull tabs/instant bingo/progressive bingo | (c) Other gaming | (d) Total gaming (Add col (a) through col (c)) |
|-----------------|--|--|--|--|--|
| Revenue | 1 Gross revenue | | | | |
| Direct Expenses | 2 Cash prizes | | | | |
| | 3 Noncash prizes | | | | |
| | 4 Rent/facility costs | | | | |
| | 5 Other direct expenses | | | | |
| | 6 Volunteer labor | <input type="checkbox"/> Yes <input type="checkbox"/> No % | <input type="checkbox"/> Yes <input type="checkbox"/> No % | <input type="checkbox"/> Yes <input type="checkbox"/> No % | |
| | 7 Direct expense summary Add lines 2 through 5 in column (d) | | | | |
| | 8 Net gaming income summary Combine line 1, column d, and line 7 | | | | |

9 Enter the state(s) in which the organization operates gaming activities

a Is the organization licensed to operate gaming activities in each of these states?

b If "No," Explain

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?

b If "Yes," Explain

11 Does the organization operate gaming activities with nonmembers?

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

| | Yes | No |
|-----|-----|----|
| 9a | | |
| 10a | | |
| 11 | | |
| 12 | | |

13 Indicate the percentage of gaming activity operated in

- a** The organization's facility
- b** An outside facility

| | |
|------------|---|
| 13a | % |
| 13b | % |

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ►

Address ►

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue?

- b** If "Yes," enter the amount of gaming revenue received by the organization ► \$ and the amount of gaming revenue retained by the third party ► \$
- c** If "Yes," enter name and address of the third party

Name ►

Address ►

16 Gaming manager information

Name ►

Gaming manager compensation ► \$

Description of services provided ►

☐ Director/officer ☐ Employee ☐ Independent contractor
17 Mandatory distributions

- a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?
- b** Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ► \$

Yes No

15a

17a

Department of the Treasury
Internal Revenue Service

Name of the organization

FATHER FRED FOUNDATION

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part III Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to

Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed

[illegible]

2 Enter total number of section 501(c)(3) and government organizations

3 Enter total number of other organizations

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) 2009

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of non-cash assistance |
|--|--------------------------|--------------------------|-----------------------------------|---|--|
| FOOD, UTILITIES, & OTHER | 5200 | 517,328 | | FMV | |
| FOOD, CLOTHING, GIFT CARD | 5200 | | 1,031,289 | EST. FMV | NONCASH DISTRIB |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information. | | | | | |

**SCHEDULE M
(Form 990)**Department of the Treasury
Internal Revenue Service

Name of the organization

Noncash Contributions

► Complete if the organizations answered "Yes" on Form
990, Part IV, lines 29 or 30.
► Attach to Form 990.

OMB No 1545-0047

2009**Open To Public
Inspection****FATHER FRED FOUNDATION**Employer identification number
38-2908199**Part I Types of Property**

| | (a) Check if applicable | (b) Number of Contributions | (c) Revenues reported on Form 990, Part VIII, line 1g | (d) Method of determining revenues |
|--|-------------------------------|--------------------------------|---|--|
| 1 Art—Works of art | | | | |
| 2 Art—Historical treasures | | | | |
| 3 Art—Fractional interests | | | | |
| 4 Books and publications | | | | |
| 5 Clothing and household goods | X | | 467,864 | EST. FAIR MARKET VALUE |
| 6 Cars and other vehicles | | | | |
| 7 Boats and planes | | | | |
| 8 Intellectual property | | | | |
| 9 Securities—Publicly traded | X | 2 | 21,776 | FAIR MARKET VALUE |
| 10 Securities—Closely held stock | | | | |
| 11 Securities—Partnership, LLC, or trust interests | | | | |
| 12 Securities—Miscellaneous | | | | |
| 13 Qualified conservation contribution—Historic structures | | | | |
| 14 Qualified conservation contribution—Other | | | | |
| 15 Real estate—Residential | | | | |
| 16 Real estate—Commercial | | | | |
| 17 Real estate—Other | | | | |
| 18 Collectibles | | | | |
| 19 Food inventory | X | 8651 | 548,859 | EST. FAIR MARKET VALUE |
| 20 Drugs and medical supplies | | | | |
| 21 Taxidermy | | | | |
| 22 Historical artifacts | | | | |
| 23 Scientific specimens | | | | |
| 24 Archeological artifacts | | | | |
| 25 Other ► (GIFT CARDS) | X | 45 | 43,231 | STATED VALUES |
| 26 Other ► (BUILD. IMPROV.) | X | 20 | 22,211 | EST. FAIR MARKET VALUE |
| 27 Other ► () | | | | |
| 28 Other ► () | | | | |

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29 0

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1–28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

b If "Yes," describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b If "Yes," describe in Part II

33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II

| | Yes | No |
|-----|-----|----------|
| 30a | | X |
| 31 | | X |
| 32a | | X |

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

SCHEDULE O
 (Form 990)

 Department of the Treasury
 Internal Revenue Service

Name of the organization

Supplemental Information to Form 990

 Complete to provide information for responses to specific questions on
 Form 990 or to provide any additional information.

► Attach to Form 990.

OMB No. 1545-0047

2009

 Open to Public
 Inspection

Employer identification number

38-2908199
FATHER FRED FOUNDATION

FORM 990, PART VI, LINE 11A - ORGANIZATION'S PROCESS TO REVIEW FORM 990
 A DRAFT COPY OF FORM 990 IS REVIEWED BY AN APPOINTED MEMBER OF THE
 ORGANIZATION'S AUDIT COMMITTEE AND THE TREASURER. AFTER REVIEW AND
 APPROVAL, FORM 990 IS THEN FINALIZED AND READY FOR FILING.

FORM 990, PART VI, LINE 12C - ENFORCEMENT OF CONFLICTS POLICY
 THE CONFLICT OF INTEREST POLICY IS MONITORED AND ENFORCED BY REVIEWING WITH
 STAFF AT ANNUAL PERFORMANCE REVIEWS WITH THE EXECUTIVE DIRECTOR.
 BOARD MEMBERS ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST QUESTIONNAIRE
 ANNUALLY.

FORM 990, PART VI, LINE 15A - COMPENSATION PROCESS FOR TOP OFFICIAL
 THE PERSONNEL COMMITTEE REVIEWS VARIOUS FACTORS SUCH AS ECONOMIC, COMPARISON
 TO OUTSIDE ORGANIZATIONS, AND INDUSTRY TRENDS AND MAKES RECOMMENDATIONS TO
 THE BOARD ON AN ANNUAL BASIS. THE BOARD THEN VOTES ON THE RECOMMENDATION.

FORM 990, PART VI, LINE 19 - GOVERNING DOCUMENTS DISCLOSURE EXPLANATION
 THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, 990
 TAX RETURN, FORM 1023, AND AUDITED FINANCIAL STATEMENTS ARE MADE AVAILABLE
 FOR PUBLIC INSPECTION UPON REQUEST AT THE CORPORATE OFFICE.

FORM 990, PART XI, LINE 1 - CHANGE IN ACCOUNTING METHOD EXPLANATION
 THE FOUNDATION HAS CHANGED ACCOUNTING METHODS FROM THE MODIFIED CASH BASIS
 OF ACCOUNTING TO THE ACCRUAL BASIS. THIS CHANGE IS PENDING APPROVAL FROM
 THE INTERNAL REVENUE SERVICE. SEE FORM 3115.

Forms
990 / 990-PF**Other Notes and Loans Receivable****2009**

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

Name

Employer Identification Number

FATHER FRED FOUNDATION**38-2908199****FORM 990, PART X, LINE 7 - ADDITIONAL INFORMATION**

| Name of borrower | Relationship to disqualified person |
|---|-------------------------------------|
| (1) FATHER FRED CHILD CARE, INC. | |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |

| Original amount borrowed | Date of loan | Maturity date | Repayment terms | Interest rate |
|--------------------------|-----------------|---------------|-----------------------------|---------------|
| (1) 36,824 | 11/01/08 | | DUE AT MATURITY DATE | 1.630 |
| (2) | | | | |
| (3) | | | | |
| (4) | | | | |
| (5) | | | | |
| (6) | | | | |
| (7) | | | | |
| (8) | | | | |
| (9) | | | | |
| (10) | | | | |

| Security provided by borrower | Purpose of loan |
|-------------------------------|--------------------------------------|
| (1) NOTE RECEIVABLE | TO HELP FUND NEW ORGANIZATION |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |

| Consideration furnished by lender | Balance due at beginning of year | Balance due at end of year | Fair market value (990-PF only) |
|-----------------------------------|----------------------------------|----------------------------|---------------------------------|
| (1) CASH | 36,824 | 63,000 | |
| (2) | | | |
| (3) | | | |
| (4) | | | |
| (5) | | | |
| (6) | | | |
| (7) | | | |
| (8) | | | |
| (9) | | | |
| (10) | | | |
| Totals | 36,824 | 63,000 | |

Forms
990 / 990-PF**Mortgages and Other Notes Payable****2009**

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

Name

Employer Identification Number

FATHER FRED FOUNDATION**38-2908199****FORM 990, PART X, LINE 23 - ADDITIONAL INFORMATION**

| Name of lender | Relationship to disqualified person |
|---|-------------------------------------|
| (1) HUNTINGTON NATIONAL BANK | |
| (2) CAPITAL LEASE - TEAM FINANCIAL GROUP | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |

| Original amount borrowed | Date of loan | Maturity date | Repayment terms | Interest rate |
|--------------------------|-----------------|-----------------|---------------------------|---------------|
| (1) 250,000 | 09/15/04 | 09/15/09 | \$ 1,579 PER MONTH | 6.310 |
| (2) 6,808 | 10/13/08 | 10/13/13 | 139.60 PER MONTH | 8.470 |
| (3) | | | | |
| (4) | | | | |
| (5) | | | | |
| (6) | | | | |
| (7) | | | | |
| (8) | | | | |
| (9) | | | | |
| (10) | | | | |

| Security provided by borrower | Purpose of loan |
|-------------------------------|-----------------------------|
| (1) MORTGAGE | PURCHASE REAL ESTATE |
| (2) EQUIPMENT | COPIER LEASE |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |

| Consideration furnished by lender | Balance due at beginning of year | Balance due at end of year |
|-----------------------------------|----------------------------------|----------------------------|
| (1) CASH | 199,874 | |
| (2) CASH | 6,625 | 5,466 |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| (10) | | |
| Totals | 206,499 | 5,466 |

27540 Father Fred Foundation
38-2908199
FYE: 12/31/2009

Federal Statements

Form 990, Part IX, Line 24f - All Other Expenses

| Description | Total Expenses | Program Service | Management & General | Fund Raising |
|---------------------------|-------------------|--------------------|-------------------------|-----------------|
| MEALS AND ENTERTAINMENT | \$ 3,067 | \$ 1,956 | \$ 198 | \$ 913 |
| UNCOLLECTIBLE PLEDGES | 2,600 | | | 2,600 |
| MISCELLANEOUS | 800 | 632 | 64 | 104 |
| DUES | 415 | 328 | 33 | 54 |
| CAPITALIZED DONATED SERV. | -31,158 | -24,615 | -2,493 | -4,050 |
| TOTAL | \$ -24,276 | \$ -21,699 | \$ -2,198 | \$ -379 |

Application for Change in Accounting Method

OMB No. 1545-0152

| | | | |
|--|--|---|--|
| Name of filer (name of parent corporation if a consolidated group) (see instructions) FATHER FRED FOUNDATION | | Identification number (see instructions) 38-2908199 | |
| | | Principal business activity code number (see instructions) | |
| Number, street, and room or suite no. If a P.O. box, see the instructions PO BOX 2260 | | Tax year of change begins (MM/DD/YYYY) 01/01/2009 | |
| City or town, state, and ZIP code TRAVERSE CITY MI 49685-2260 | | Tax year of change ends (MM/DD/YYYY) 12/31/2009 | |
| | | Name of contact person (see instructions) MATT DESMOND, TREASURER | |
| Name of applicant(s) (if different than filer) and identification number(s) (see instructions) | | Contact person's telephone number 231-313-3866 | |

If the applicant is a member of a consolidated group, check this box ☐

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box ☐

Check the box to indicate the type of applicant.

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Cooperative (Sec. 1381) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Controlled foreign corporation (Sec. 957) | <input type="checkbox"/> S corporation |
| <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E)) | <input type="checkbox"/> Insurance co. (Sec. 816(a)) |
| <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) | <input type="checkbox"/> Insurance co. (Sec. 831) |
| | <input type="checkbox"/> Other (specify) ▶ |
| <input checked="" type="checkbox"/> Exempt organization. Enter Code section ▶ 501(c)(3) | |

Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)

- | |
|---|
| <input type="checkbox"/> Depreciation or Amortization |
| <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions |
| <input checked="" type="checkbox"/> Other (specify) ▶ OVERALL CHANGE TO ACCRUAL METHOD OF ACCOUNTING |

Caution. To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request

| | Yes | No |
|---|-----|----|
| 1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. 122 (b) Other <input type="checkbox"/> Description ▶ | | |
| 2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation. | | ✓ |


Note. Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

Part II Information For All Requests

| | Yes | No |
|---|-----|----|
| 3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures. | | ✓ |
| 4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5. | | ✓ |
| b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)? | | ✓ |

Signature (see instructions)

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


Filer
Signature and date **5/11/10**
MATT DESMOND, TREASURER
Name and title (print or type)

Preparer (other than filer/applicant)
Signature of individual preparing the application and date
Name of individual preparing the application (print or type)
Name of firm preparing the application

Part II Information For All Requests (continued)**Yes No**

- 4c** Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)? ☒ **Yes** ☐ **No**
- d** Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? ☒ **Yes** ☐ **No**
If "Yes," attach the consent statement from the director.
- e** Is the request to change the method of accounting being filed under the 90-day or 120-day window period? ☒ **Yes** ☐ **No**
If "Yes," check the box for the applicable window period and attach the required statement (see instructions).
☐ 90 day ☐ 120 day: Date examination ended ► _____
- f** If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination.
Name ► _____ Telephone number ► _____ Tax year(s) ► _____
- g** Has a copy of this Form 3115 been provided to the examining agent identified on line 4f? ☐ **Yes** ☒ **No**
- 5a** Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? ☒ **Yes** ☐ **No**
If "Yes," enter the name of the (check the box) ☐ Appeals officer and/or ☐ counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court.
Name ► _____ Telephone number ► _____ Tax year(s) ► _____
- b** Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a? ☐ **Yes** ☒ **No**
- c** Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? ☒ **Yes** ☐ **No**
If "Yes," attach an explanation.
- 6** If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.
- 7** If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? ☐ **Yes** ☒ **No**
If "Yes," the applicant is **not** eligible to make the change.
- 8a** Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)? ☒ **Yes** ☐ **No**
- b** If "Yes," attach an explanation.
- 9a** Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)? ☒ **Yes** ☐ **No**
- b** If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.
- c** If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.
- 10a** Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice? ☒ **Yes** ☐ **No**
- b** If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).
- 11** Is the applicant requesting to change its **overall** method of accounting? ☒ **Yes** ☐ **No**
If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.

Present method: ☐ Cash ☐ Accrual ☒ Hybrid (attach description)

Proposed method: ☐ Cash ☒ Accrual ☐ Hybrid (attach description)

| Part II Information For All Requests (continued) | | | | | | Yes | No | | |
|---|--|----|----|--------------------------------|----|------------|--------------------------------|----|----|
| 12 | If the applicant is either (i) not changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following: | | | | | | | | |
| a | The item(s) being changed. | | | | | | | | |
| b | The applicant's present method for the item(s) being changed. | | | | | | | | |
| c | The applicant's proposed method for the item(s) being changed. | | | | | | | | |
| d | The applicant's present overall method of accounting (cash, accrual, or hybrid). | | | | | | | | |
| 13 | Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application. | | | | | | | | |
| 14 | Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions If "No," attach an explanation. | | | | | ✓ | | | |
| 15a | Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? | | | | | | ✓ | | |
| b | If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application. | | | | | | | | |
| 16 | Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response? | | | | | | ✓ | | |
| 17 | If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change. | | | | | | | | |
| | 1st preceding year ended mo | NA | yr | 2nd preceding year ended mo | NA | yr | 3rd preceding year ended mo | NA | yr |
| | \$ | | | \$ | | | \$ | | |
| Part III Information For Advance Consent Request | | | | | | | | | |
| 18 | Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures. | | | | | | | | |
| 19 | Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists. | | | | | | | | |
| 20 | Attach a copy of all documents related to the proposed change (see instructions). | | | | | | | | |
| 21 | Attach a statement of the applicant's reasons for the proposed change. | | | | | | | | |
| 22 | If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If "No," attach an explanation. | | | | | | | | |
| 23a | Enter the amount of user fee attached to this application (see instructions). ► \$ | | | | | | | | |
| b | If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions). | | | | | | | | |
| Part IV Section 481(a) Adjustment | | | | | | | | | |
| 24 | Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? If "Yes," do not complete lines 25, 26, and 27 below. | | | | | | ✓ | | |
| 25 | Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ <u>(247,754)</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant. | | | | | | | | |

| Part IV Section 481(a) Adjustment (continued) | | Yes | No |
|--|---|------------|-----------|
| 26 | If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change? | | |
| 27 | Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? | | ✓ |
| If "Yes," attach an explanation. | | | |

Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)

| Part I Change in Overall Method (see instructions) | | Amount |
|---|--|---|
| 1 | Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g. | |
| a | Income accrued but not received (such as accounts receivable) | \$ 258,864 |
| b | Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method | NONE |
| c | Expenses accrued but not paid (such as accounts payable) | (35,197) |
| d | Prepaid expenses previously deducted | 19,252 |
| e | Supplies on hand previously deducted and/or not previously reported | NONE |
| f | Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II | 29,667 |
| g | Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ► UNREALIZED LOSS ON INVESTMENTS | (520,340) |
| h | Net section 481(a) adjustment (Combine lines 1a–1g.) Indicate whether the adjustment is an increase (+) or decrease (–) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25. | \$ (247,754) |
| 2 | Is the applicant also requesting the recurring item exception under section 461(h)(3)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 3 | Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences. | |

| Part II Change to the Cash Method For Advance Consent Request (see instructions) | |
|--|--|
| Applicants requesting a change to the cash method must attach the following information: | |
| 1 | A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business. |
| 2 | An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations. |

Schedule B—Change to the Deferral Method for Advance Payments (see instructions)

| | |
|----------|---|
| 1 | If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information: |
| a | A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34. |
| b | If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)–(c) of Rev. Proc. 2004-34. |
| c | If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)–(f) of Rev. Proc. 2004-34. |
| 2 | If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following: |
| a | A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1). |
| b | A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3). |
| c | A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii). |
| d | A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income. |

Schedule C—Changes Within the LIFO Inventory Method (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970, Application To Use LIFO Inventory Method**, filed to adopt or expand the use of the LIFO method.

- 1** Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a** Valuing inventory (e.g., unit method or dollar-value method).
 - b** Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
 - c** Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d** Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2** If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3** If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4** If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5** Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6** If changing to the IPIC method, attach a completed Form 970.

Part II Change in Pooling Inventories

- 1** If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2** If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
 - a** A description of the types of products produced by the applicant. If possible, attach a brochure.
 - b** A description of the types of processes and raw materials used to produce the products in each proposed pool.
 - c** If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
 - d** A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e** A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f** A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g** A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3** If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4** If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)**Part I Change in Reporting Income From Long-Term Contracts** (Also complete Part III on pages 7 and 8.)

- 1** To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
- 2a** Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)? ☐ Yes ☐ No
- b** If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)? ☐ Yes ☐ No
If line 2b is "No," attach an explanation.
- c** If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)? ☐ Yes ☐ No
- d** If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)? ☐ Yes ☐ No
If line 2d is "Yes," attach an explanation of what cost comparison the applicant will use to determine a contract's completion factor.
If line 2d is "No," attach an explanation of what method the applicant is using and the authority for its use.
- 3a** Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)? ☐ Yes ☐ No
- b** If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
- c** Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
- 4** To determine a contract's completion factor using the percentage-of-completion method:
- a** Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)? ☐ Yes ☐ No
- b** If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))? ☐ Yes ☐ No
- 5** Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

- 1** Attach a description of the inventory goods being changed.
- 2** Attach a description of the inventory goods (if any) NOT being changed.
- 3a** Is the applicant subject to section 263A? If "No," go to line 4a ☐ Yes ☒ No
- b** Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? ☐ Yes ☐ No
If "No," attach a detailed explanation

4a Check the appropriate boxes below.

Identification methods:

- Specific identification
- FIFO
- LIFO
- Other (attach explanation)

Valuation methods:

- Cost
- Cost or market, whichever is lower
- Retail cost
- Retail, lower of cost or market
- Other (attach explanation)

- b** Enter the value at the end of the tax year preceding the year of change
- 5** If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
- a** Copies of Form(s) 970 filed to adopt or expand the use of the method.
- b** **Only for applicants requesting advance consent.** A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
- c** **Only for applicants requesting an automatic change.** The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

| Inventory Being Changed | | Inventory Not Being Changed |
|-------------------------|-----------------|-----------------------------|
| Present method | Proposed method | Present method |
| | ✓ | |
| | | |
| | | |
| | ✓ | |
| | | |
| | | |
| | | |
| | | |

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

Section A—Allocation and Capitalization Methods

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required To Be Allocated

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

| | Present method | Proposed method |
|--|----------------|-----------------|
| 1 Direct material | | |
| 2 Direct labor | | |
| 3 Indirect labor | | |
| 4 Officers' compensation (not including selling activities) | | |
| 5 Pension and other related costs | | |
| 6 Employee benefits | | |
| 7 Indirect materials and supplies | | |
| 8 Purchasing costs | | |
| 9 Handling, processing, assembly, and repackaging costs | | |
| 10 Offsite storage and warehousing costs | | |
| 11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle | | |
| 12 Depletion | | |
| 13 Rent | | |
| 14 Taxes other than state, local, and foreign income taxes | | |
| 15 Insurance | | |
| 16 Utilities | | |
| 17 Maintenance and repairs that relate to a production, resale, or long-term contract activity | | |
| 18 Engineering and design costs (not including section 174 research and experimental expenses) | | |
| 19 Rework labor, scrap, and spoilage | | |
| 20 Tools and equipment | | |
| 21 Quality control and inspection | | |
| 22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant | | |
| 23 Licensing and franchise costs | | |
| 24 Capitalizable service costs (including mixed service costs) | | |
| 25 Administrative costs (not including any costs of selling or any return on capital) | | |
| 26 Research and experimental expenses attributable to long-term contracts | | |
| 27 Interest | | |
| 28 Other costs (Attach a list of these costs.) | | |

Part III Method of Cost Allocation (see instructions) (continued)**Section C—Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

| | Present method | Proposed method |
|--|----------------|-----------------|
| 1 Marketing, selling, advertising, and distribution expenses | | |
| 2 Research and experimental expenses not included in Section B, line 26 | | |
| 3 Bidding expenses not included in Section B, line 22 | | |
| 4 General and administrative costs not included in Section B | | |
| 5 Income taxes | | |
| 6 Cost of strikes | | |
| 7 Warranty and product liability costs | | |
| 8 Section 179 costs | | |
| 9 On-site storage | | |
| 10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 | | |
| 11 Other costs (Attach a list of these costs.) | | |

Schedule E—Change in Depreciation or Amortization (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

Note. See the **List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. **Do not** file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? ☐ Yes ☐ No
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? ☐ Yes ☐ No
If "Yes," enter the applicable section ► _____
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)? ☐ Yes ☐ No
If "Yes," state the election made ► _____
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b If the property is residential rental property, did the applicant live in the property before renting it? . . ☐ Yes ☐ No
- c Is the property public utility property? ☐ Yes ☐ No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.)
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
 - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
 - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
 - c The facts to support the asset class for the proposed method.
 - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
 - e The useful life, recovery period, or amortization period of the property.
 - f The applicable convention of the property.
- 9 A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

FATHER FRED FOUNDATION
38-2908199

Part II, Number 11

The Organization previously followed the modified cash basis of accounting. The State of Michigan requires the Organization to update to the accrual basis of accounting for the year ended December 31, 2009.

Part II, Number 13

The Father Fred Foundation is a nonprofit corporation that assists the mentally distressed, physically diseased, poor, hungry and suffering primarily in Northwestern Lower Michigan. The Organization's primary activities include operating a food bank and free used clothing store, and providing emergency financial assistance for shelter and emergency needs. The principal business activity code is #6241000 Individual and Family Services.

Part IV, Number 25 and Schedule A, Part I

The Organization recorded the following accrual items at December 31, 2008:

| | |
|---------------------------------------|------------------|
| Unrealized loss on investments | (520,340) |
| Net Pledges Receivable | 257,560 |
| Accrued Interest Receivable | 1,304 |
| Prepaid Life Insurance Policy | 19,252 |
| Food Inventory | 29,667 |
| Accounts Payable | (26,297) |
| Accrued Wages and Expenses | (13,961) |
| Capitalized items in Accounts Payable | 5,061 |
| | <u>(247,754)</u> |

Schedule A, Part I, Number 3

See attached accrual basis balance sheet and income statement for the year ended December 31, 2008. Accrual balances above have been incorporated in both statements. Prepaid life insurance is included in the Investment in Whole Policy amount of \$33,345.

Schedule D, Part II, Number 1

Inventory consists of food on hand for the food bank.

Schedule D, Part II, Number 4b

| | |
|----------------|---------------|
| Food inventory | <u>29,667</u> |
|----------------|---------------|

Father Fred Foundation
Balance Sheet
As of December 31, 2008

| | <u>Dec 31, 08</u> |
|--|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Bank of N Michigan Checking | 220,048 10 |
| Northwestern Bank Checking | 19,504 41 |
| Bank of N.Michigan-Capital Campaign | 248,827 97 |
| Petty Cash | 50 00 |
| Total Checking/Savings | <u>488,430 48</u> |
| Other Current Assets | |
| Investments-1st Global Cap | 623,484 74 |
| Investments-Huntington | 657,615 23 |
| Huntington Capital Campaign Investment Account | 51,910 07 |
| Investment in Certificate of Deposit | 100,000 00 |
| Investments-Fifth Third Bank | 203,651 01 |
| Receivable-Day Care | 37,381 26 |
| food inventory | 29,667 09 |
| 1270 · Accrued Interest Receivable | 1,303 97 |
| 1410 · Pledges Receivable | 257,560 00 |
| Land Contract Receivable | 39,761 46 |
| Total Other Current Assets | <u>2,002,334 83</u> |
| Total Current Assets | 2,490,765 31 |
| Fixed Assets | |
| Computer Equipment | 11,354 00 |
| Office Equipment | 14,874 52 |
| Vehicles | 9,070 97 |
| 1640 · Land - Otsego County | 19,000 00 |
| 826 Hastings | |
| Land-826 Hastings | 73,510.00 |
| Building-826 Hastings | 155,310 89 |
| Building Improvement-826 | 119,375 80 |
| Building Remodeling | 1,003,768 40 |
| Total 826 Hastings | <u>1,351,965 09</u> |
| 832 Hastings | |
| Land-832 Hastings | 100,000 00 |
| Building-832 Hastings | 284,210 50 |
| Total 832 Hastings | <u>384,210.50</u> |

Father Fred Foundation
Balance Sheet
As of December 31, 2008

| | <u>Dec 31, 08</u> |
|--|----------------------------|
| Accum. Depreciation | -187,256 36 |
| Total Fixed Assets | <u>1,603,218 72</u> |
| Other Assets | |
| Investment in Whole Life Policy | <u>33,345 45</u> |
| Total Other Assets | <u>33,345 45</u> |
| TOTAL ASSETS | <u>4,127,329.48</u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2000 · Accounts Payable | <u>26,297 54</u> |
| Total Accounts Payable | 26,297 54 |
| Other Current Liabilities | |
| 2050 · Accrued Wages | |
| Paid Time Off earned but not yet taken | 3,771 05 |
| 2050 · Accrued Wages - Other | <u>9,465 78</u> |
| Total 2050 · Accrued Wages | 13,236 83 |
| Payroll Taxes Payable | |
| 2102 · Accrued 941 Tax Payable | <u>724 14</u> |
| Total Payroll Taxes Payable | 724 14 |
| 2199 · Capital Lease Obligation | <u>6,624 33</u> |
| Total Other Current Liabilities | <u>20,585 30</u> |
| Total Current Liabilities | 46,882 84 |
| Long Term Liabilities | |
| Mortgage Payable 1-8 | <u>199,874 33</u> |
| Total Long Term Liabilities | <u>199,874.33</u> |
| Total Liabilities | 246,757 17 |
| Equity | |
| 3200 · Restricted Fd Balance-Cap Cam | 596,926 00 |

Father Fred Foundation
Balance Sheet
As of December 31, 2008

| | <u>Dec 31, 08</u> |
|---|--------------------------------|
| Restricted Fund Balance Capital Campaign | 257,560.00 |
| Retained Earnings-Unrestricted Net Assets | 2,948,834 22 |
| Net Income | <u>77,252 09</u> |
| Total Equity | <u>3,880,572 31</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>4,127,329.48</u></u> |

Father Fred Foundation
Profit & Loss-year to date
January through December 2008

| | <u>Jan - Dec 08</u> |
|-------------------------------------|---------------------|
| Ordinary Income/Expense | |
| Income | |
| Contributions-Unrestricted | |
| Cash Contributions | 511,746 41 |
| Contributions-non cash stocks,etc | 27,701 00 |
| Total Contributions-Unrestricted | <u>539,447 41</u> |
| Grants Received-Restricted | |
| Grant-GTB Heating Expenses | 50,000 00 |
| GTB Families in Crisis Grant | 25,000 00 |
| Total Grants Received-Restricted | <u>75,000 00</u> |
| In-Kind Contributions | 146,119 31 |
| Cash Contributions-Restricted | |
| Restricted Contrib-Food | 21,934 31 |
| Restricted cont-Toys for Tots | 950 00 |
| Retricted contrib-Utilities | 10,485 00 |
| Total Cash Contributions-Restricted | <u>33,369 31</u> |
| Total Income | 793,936 03 |
| Cost of Goods Sold | |
| Program-Food | |
| Non-Perishable | 10,872 15 |
| Perishable | 26,851 76 |
| In Kind Food to Clients | 4,162 44 |
| Program-Food - Other | -28,236 08 |
| Total Program-Food | <u>13,650 27</u> |
| Program-Utilities | |
| Program-Heat | |
| Heating Oil | 1,844 97 |
| Natural Gas | 41,495 47 |
| Propane | 67,913 05 |
| Wood | 1,830 00 |
| Program-Heat - Other | 1,645 16 |
| Total Program-Heat | <u>114,728 65</u> |
| Program-Electricity | 91,559 79 |
| Sewer | 2,293 96 |
| Water (Utility) | 2,924 93 |

Father Fred Foundation
Profit & Loss-year to date
January through December 2008

| | <u>Jan - Dec 08</u> |
|--------------------------------------|---------------------|
| Program-Utilities - Other | 100 00 |
| Total Program-Utilities | 211,607 33 |
| Program-Shelter | |
| Long-Term | 18,521 32 |
| Short-Term | 3,082 18 |
| Program-Shelter - Other | 200 00 |
| Total Program-Shelter | 21,803 50 |
| Program-Medical Assist. | |
| Dental Assistance | 3,955 90 |
| Doctor/Office Visit | 1,251 33 |
| Eyecare | 2,059 83 |
| Prescription Drugs | 26,439 75 |
| Program-Medical Assist. - Other | 1,648 95 |
| Total Program-Medical Assist. | 35,355 76 |
| Program-Transportation | |
| Car Payments | 1,584 97 |
| Gasoline | 16,270 25 |
| Insurance | 4,345 31 |
| License/Registration | 6,121 50 |
| Local | 226 15 |
| Long Distance | 22,436 50 |
| Parts | 4,675 64 |
| Repairs | 7,600 92 |
| Storage & Moving for Clients | 2,182 14 |
| Program-Transportation - Other | 470 01 |
| Total Program-Transportation | 65,913 39 |
| Program-Other | |
| Appliance | 3,859 93 |
| Day Care | 1,140 98 |
| Household Repair | 3,323 48 |
| Client ID | 209 55 |
| Laundry | 1,160 85 |
| Telephone for clients | 4,499 36 |
| Work Shoes/Clothing/Haircut | 13,401 75 |
| In Kind Clothing to Clients | 1,288 09 |
| Funeral Expenses | 2,750 00 |
| Program-Other - Other | 4,958 49 |

Father Fred Foundation
Profit & Loss-year to date
January through December 2008

| | <u>Jan - Dec 08</u> |
|--|---------------------|
| Total Program-Other | 36,592 48 |
| Program-Holiday items/events | |
| Thanksgiving & community events | 1,580 82 |
| Toys for Tots | 1,001 22 |
| Total Program-Holiday items/events | 2,582 04 |
| Total COGS | 387,504 77 |
| Gross Profit | 406,431 26 |
| Expense | |
| Salaries Benefits Payroll Taxes | |
| 6001 · Gross Wage Expense | 13,236 83 |
| United Way Grant | |
| United Way Grant Wages | 27,692 31 |
| United Way Grant - Other | 2,307 69 |
| Total United Way Grant | 30,000 00 |
| 6016 · Employer Payroll Tax Expense | |
| 6019 · Employer FICA Expense | 724 14 |
| Total 6016 · Employer Payroll Tax Expense | 724 14 |
| Worker's Comp Insurance | 1,625 00 |
| Salaries Benefits Payroll Taxes - Other | 183,543 83 |
| Total Salaries Benefits Payroll Taxes | 229,129 80 |
| Facilities Expense | |
| Rent | 2,250 00 |
| Insurance-Building | 3,255 00 |
| Property Taxes | 366 82 |
| Telephone | 3,451 12 |
| Repairs & Maintenance | |
| In Kind Services for Repairs and Maintenance | 8,053 50 |
| Repairs & Maintenance - Other | 9,885 46 |
| Total Repairs & Maintenance | 17,938 96 |
| Utilities | 23,705 17 |
| Storage Expense | 0 00 |
| Security Expense | 850 00 |
| Interest Expense | 10,069 16 |

Father Fred Foundation
Profit & Loss-year to date
January through December 2008

| | Jan - Dec 08 |
|---------------------------------------|---------------------|
| 6391 · Interest Expense/Leased Equip. | 195 53 |
| Depreciation | 56,498 81 |
| Total Facilities Expense | 118,580 57 |
| Operating Expenses | |
| Postage | 4,592 93 |
| Office Supplies | 10,835 37 |
| Auto Expense | 1,867 77 |
| Insurance-General/Umbrella | 4,469 00 |
| Insurance-Directors | 1,721 00 |
| 6527 · Life Insurance | 4,669 64 |
| Insurance-Auto | 526 00 |
| Board Meeting expenses | 34 33 |
| Board & Staff Development | 5,672 26 |
| Board, employee & volunteer relations | 436 65 |
| Bank Charges | 254 47 |
| Professional Fees | |
| In Kind Professional Services Fees | 7,244 00 |
| Professional Fees - Other | 13,165 44 |
| Total Professional Fees | 20,409 44 |
| Computer Consulting | 2,969 22 |
| Travel expense | 865 46 |
| Dues & Community Organization | 1,400 00 |
| Miscellaneous | 286 30 |
| Equipment Repair & Maintenance | 1,033 30 |
| PO Box Rental | 104 00 |
| Total Operating Expenses | 62,147 14 |
| Fundraising Expenses | |
| Newsletter | 15,399 00 |
| Fundraising Entertain/Meals | 0 00 |
| PR Consultant | 2,080 83 |
| Advertising | 22,179 39 |
| Credit Card Fees | 2,490 28 |
| Giftworks support | 897 00 |
| Fundraising Misc exp | 311 67 |
| Total Fundraising Expenses | 43,358 17 |
| Volunteer Expenses | |
| Meals for Volunteers | 1,516 85 |

Father Fred Foundation
Profit & Loss-year to date
January through December 2008

| | <u>Jan - Dec 08</u> |
|---------------------------------------|---------------------|
| Volunteer Recognition | 1,561 61 |
| Volunteer Expenses - Other | 175 81 |
| Total Volunteer Expenses | <u>3,254 27</u> |
| Total Expense | <u>456,469 95</u> |
| Net Ordinary Income | -50,038 69 |
| Other Income/Expense | |
| Other Income | |
| Contributions-Restricted | |
| Capital Campaign Contribution PH I | 234,250 64 |
| Capital Campaign Non cash | 73,054.13 |
| Capital Campaign Phase II | 364,024 58 |
| Rotary Charities Cap Campaign Grant | 300,000 00 |
| Cap Campaign Dividend Income | 13,054 70 |
| Total Contributions-Restricted | <u>984,384 05</u> |
| Investment Income | |
| Interest Income | 9,646 63 |
| Dividend Income | 53,499 73 |
| Short Term Cap Gain Dist | 341 09 |
| Long Term Cap Gain Dist | 40,293 22 |
| Income from Partnership | -203 00 |
| Realized Gain/Loss | -56,884 86 |
| Unrealized Gain/Loss | -520,339 94 |
| Investment Fees | -145 00 |
| Total Investment Income | <u>-473,792 13</u> |
| Loss on Assets | -30,305 48 |
| Special Events Fundraising | |
| Cigar Dinner Event | |
| Cigar Dinner Income | 130,744 22 |
| Cigar Dinner Expense | -55,026.88 |
| Cigar Dinner Sales tax | -1,854 79 |
| Total Cigar Dinner Event | <u>73,862 55</u> |
| Food Drive Events | |
| Food Drive Income | 25,886 18 |
| Total Food Drive Events | <u>25,886 18</u> |

Father Fred Foundation
Profit & Loss-year to date
January through December 2008

| | <u>Jan - Dec 08</u> |
|--|-------------------------|
| Garage Sale Events | |
| Garage Sale Income | 32,750 38 |
| Garage Sale Expenses | -1,410 58 |
| Garage Sale Sales Tax | -1,651 68 |
| Total Garage Sale Events | <u>29,688 12</u> |
| HOGS Events | |
| HOGS Events Income | 21,522 66 |
| HOGS Expenses | -6,390 59 |
| Total HOGS Events | <u>15,132 07</u> |
| Lucky Leprechaun Events | |
| Lucky Leprechauns Income | 10,100 42 |
| Lucky Leprecaun Expenses | -737 60 |
| Total Lucky Leprechaun Events | <u>9,362 82</u> |
| Special Events-Direct Expense | 0 00 |
| Special Events Fundraising - Other | -90 10 |
| Total Special Events Fundraising | <u>153,841 64</u> |
| Total Other Income | <u>634,128 08</u> |
| Other Expense | |
| Capital Campaign Expenses | |
| Special Event Expenses | 155 04 |
| Newsletter | 1,665 00 |
| Brochure | 5,366 64 |
| Meals & Entertainment | 97 20 |
| PR Consultant | 3,895 36 |
| Advertising | 1,463 00 |
| Capital Campaign Expenses | 595 20 |
| Capital Campaign Expenses - Other | 120 42 |
| Total Capital Campaign Expenses | <u>13,357 86</u> |
| 9905 - Transfer to other non-profit | <u>493,479 44</u> |
| Total Other Expense | <u>506,837 30</u> |
| Net Other Income | <u>127,290 78</u> |
| Net Income | <u><u>77,252.09</u></u> |