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

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

2009

For calendar year 2009, or tax year beginning , 2009, and ending , 20

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation LEO A HERNING FOUNDATION	A Employer identification number 38 3654906	
	Number and street (or P.O. box number if mail is not delivered to street address) 1411 CORAL BEACH LANE	Room/suite	B Telephone number (see page 10 of the instructions) 630 963 7395
	City or town, state, and ZIP code DOWNERS GROVE IL. 60515-1335		

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

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ **724907** (Part I, column (d) must be on cash basis)

J Accounting method: Cash Accrual
 Other (specify) _____

C If exemption application is pending, check here ►
D 1. Foreign organizations, check here ►
2. Foreign organizations meeting the 85% test, check here and attach computation ►
E If private foundation status was terminated under section 507(b)(1)(A), check here ►
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ►

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc., received (attach schedule)				
2	Check ► <input type="checkbox"/> if the foundation is not required to attach Sch. B				
3	Interest on savings and temporary cash investments				
4	Dividends and interest from securities	22273	22273	22273	
5a	Gross rents				
b	Net rental income or (loss) _____				
6a	Net gain or (loss) from sale of assets not on line 10				
b	Gross sales price for all assets on line 6a _____				
7	Capital gain net income (from Part IV, line 2)	RECEIVED	0		
8	Net short-term capital gain			0	
9	Income modifications				
10a	Gross sales less returns and allowances	1353	1353	1353	
b	Less: Cost of goods sold				
c	Gross profit or (loss) (attach schedule)				
11	Other income (attach schedule)	OGDEN, UT	IRS-OSC	0	
12	Total. Add lines 1 through 11	22273	22273	22273	
13	Compensation of officers, directors, trustees, etc.				
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)				
b	Accounting fees (attach schedule)	255	255	255	255
c	Other professional fees (attach schedule)				
17	Interest	453	453	453	453
18	Taxes (attach schedule) (see page 14 of the instructions)				
19	Depreciation (attach schedule) and depletion				
20	Occupancy	470	470	470	470
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (attach schedule)				
24	Total operating and administrative expenses.				
	Add lines 13 through 23	1178	1178	1178	1178
25	Contributions, gifts, grants paid	40700			40700
26	Total expenses and disbursements. Add lines 24 and 25	41878	1178	1178	41878
27	Subtract line 26 from line 12:				
a	Excess of revenue over expenses and disbursements	(19605)			
b	Net investment income (if negative, enter -0-)		21095		
c	Adjusted net income (if negative, enter -0-)			21095	

P2

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)	Beginning of year	End of year
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets				
1	Cash—non-interest-bearing			15160
2	Savings and temporary cash investments			
3	Accounts receivable ►			
	Less: allowance for doubtful accounts ►			
4	Pledges receivable ►			
	Less: allowance for doubtful accounts ►			
5	Grants receivable			
6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)			
7	Other notes and loans receivable (attach schedule) ►			
	Less: allowance for doubtful accounts ►			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges			
10a	Investments—U.S. and state government obligations (attach schedule)	605251	585646	709747
b	Investments—corporate stock (attach schedule)			
c	Investments—corporate bonds (attach schedule)			
11	Investments—land, buildings, and equipment: basis ►			
	Less: accumulated depreciation (attach schedule) ►			
12	Investments—mortgage loans			
13	Investments—other (attach schedule)			
14	Land, buildings, and equipment: basis ►			
	Less: accumulated depreciation (attach schedule) ►			
15	Other assets (describe ►)			
16	Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	605251	585646	724907
Liabilities				
17	Accounts payable and accrued expenses			
18	Grants payable			
19	Deferred revenue			
20	Loans from officers, directors, trustees, and other disqualified persons			
21	Mortgages and other notes payable (attach schedule)			
22	Other liabilities (describe ►)			
23	Total liabilities (add lines 17 through 22)	605251	585646	
Net Assets or Fund Balances				
24	Foundations that follow SFAS 117, check here ► <input type="checkbox"/>			
	and complete lines 24 through 26 and lines 30 and 31.			
25	Unrestricted			
26	Temporarily restricted			
	Permanently restricted			
27	Foundations that do not follow SFAS 117, check here ► <input type="checkbox"/>			
	and complete lines 27 through 31.			
28	Capital stock, trust principal, or current funds			
29	Paid-in or capital surplus, or land, bldg., and equipment fund			
30	Retained earnings, accumulated income, endowment, or other funds			
31	Total net assets or fund balances (see page 17 of the instructions)	605251	585646	
	Total liabilities and net assets/fund balances (see page 17 of the instructions)			

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	605251
2	Enter amount from Part I, line 27a	2	(19605)
3	Other increases not included in line 2 (itemize) ►	3	0
4	Add lines 1, 2, and 3	4	585646
5	Decreases not included in line 2 (itemize) ►	5	0
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	585646

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)			(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	SEE SCHEDULE B ATTACHED		D	VARIOUS	VARIOUS
b					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a 46414		111897	(68483)		
b					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69					
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))		
a					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2	(68483)	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8			3	€ 0	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col. (c))
2008	45705	838823	.0549
2007	45029	960070	.0469
2006	42471	892919	.0476
2005	35598	838943	.0422
2004	40590	716886	.0507
2 Total of line 1, column (d)			2 0.2423
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0.0485
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5		Line 5 →	4 707497
5 Multiply line 4 by line 3			5 34314
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 211
7 Add lines 5 and 6			7 34525
8 Enter qualifying distributions from Part XII, line 4			8 41878
If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.			

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)	1	211
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	211
3	Add lines 1 and 2		
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-.		
6	Credits/Payments:		
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	6a
b	Exempt foreign organizations—tax withheld at source		
c	Tax paid with application for extension of time to file (Form 8868)		
d	Backup withholding erroneously withheld		
7	Total credits and payments Add lines 6a through 6d	7	0
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	211
11	Enter the amount of line 10 to be Credited to 2010 estimated tax ► Refunded		

Part VII-A Statements Regarding Activities

1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a	X
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?		
c	<i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		
d	Did the foundation file Form 1120-POL for this year?	1c	X
e	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ► \$ <u>0</u> (2) On foundation managers ► \$ <u>0</u>		
f	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ <u>0</u>		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>	2	X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?		
b	If "Yes," has it filed a tax return on Form 990-T for this year?	4b	NA
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	7	X
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ► <u>Illinois</u>		
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If "No," attach explanation</i>		
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV on page 27)? <i>If "Yes," complete Part XIV</i>	8b	X
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11	X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12	X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ►	13	X
14	The books are in care of ► LANCE G. HERNING Telephone no. ► 630 963 7395 Located at ► 1411 CORAL BEERY LANE ZIP+4 ► 60515		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here. and enter the amount of tax-exempt interest received or accrued during the year ► 15		□

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required**File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.**

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?		
	Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>		
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If "Yes," list the years ► 20 , 20 , 20 , 20		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 20 of the instructions.)		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20 , 20 , 20 , 20		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2009 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009.)		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?		

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

5a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) Yes No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ►

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

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

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
LANCE G. HERMING 1411 CORAL BERRY DOWNERS GROVE IL 60515	DIRECTOR 1	0	0	0
JOEL G. HERMING 1224 RED SILVER CT. DOWNERS GROVE IL 60515	DIRECTOR 0	0	0	0
LELAND P. HERMING 3510 TURNBERRY DRIVE FINDLAY OH 45810	DIRECTOR 0	0	0	0
FUNDRAISER				

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter “NONE.”

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

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

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
N O N E		

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

Part IX-A Summary of Direct Charitable Activities

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

1	10500	DONATION TO PALESTINE PRESERVATION PROJECTS SOCIETY GRANT-IN-AID FUND	10500
2	9700	DONATION TO PALESTINE PRESERVATION PROJECTS SOCIETY	9700
3	6000	DONATION TO PALESTINE DEVELOPMENT SOCIETY	6000
4	6000	DONATION TO PALESTINE PUBLIC SCHOOLS	6000

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

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

1	NONE	
2	NONE	
All other program-related investments. See page 24 of the instructions.		
3		
Total. Add lines 1 through 3.		

All other program-related investments See page 24 of the instructions.

3

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	718278
b	Average of monthly cash balances	1b	
c	Fair market value of all other assets (see page 24 of the instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	718278
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	718278
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	10781
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	707407
6	Minimum investment return. Enter 5% of line 5	6	35375

Part XI Distributable Amount (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ► and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	35375
2a	Tax on investment income for 2009 from Part VI, line 5	2a	211
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	0
c	Add lines 2a and 2b	2c	211
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	35164
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	35164
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	35164

Part XII Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	41878
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:	3a	
a	Suitability test (prior IRS approval required)	3b	
b	Cash distribution test (attach the required schedule)	4	41878
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	5	211
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	6	41667
6	Adjusted qualifying distributions. Subtract line 5 from line 4		

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				35164
2 Undistributed income, if any, as of the end of 2009:				
a Enter amount for 2008 only				40042
b Total for prior years: 20 ____,20 ____,20 ____				
3 Excess distributions carryover, if any, to 2009:				
a From 2004	0			
b From 2005	0			
c From 2006	0			
d From 2007	0			
e From 2008	0			
f Total of lines 3a through e				
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 41878				
a Applied to 2008, but not more than line 2a				40042
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2009 distributable amount				1836
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions				
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				0
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				33328
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

1a	If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling				N/A
b	Check box to indicate whether the foundation is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)				
2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed				
b	85% of line 2a				
c	Qualifying distributions from Part XII, line 4 for each year listed				
d	Amounts included in line 2c not used directly for active conduct of exempt activities				
e	Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c				
3	Complete 3a, b, or c for the alternative test relied upon:				
a	"Assets" alternative test—enter:				
(1)	Value of all assets				
(2)	Value of assets qualifying under section 4942(j)(3)(B)(i)				
b	"Endowment" alternative test—enter $\frac{2}{3}$ of minimum investment return shown in Part X, line 6 for each year listed				
c	"Support" alternative test—enter:				
(1)	Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)				
(2)	Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(ii)				
(3)	Largest amount of support from an exempt organization				
(4)	Gross investment income				

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 28 of the instructions.)**1 Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ► if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

630-963-7395

LANCE HERNING 1411 CORALBERRY LANE OWNERS GROVE IL. 60515

b The form in which applications should be submitted and information and materials they should include:

BASIC ORGANIZATION INFO, FINANCIAL INFO, LIST OF DIRECTORS, IRS TAX EXEMPT LETTER

c Any submission deadlines:

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

ORGANIZATIONS LOCATED IN LAMOTTE & MONTGOMERY TWP., LTC & CMH FOUNDATIONS

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
1. Palestine Preservation Projects Society PO Box 87 Palestine, Illinois 62451		501C3	Restore Historic Opera House	9700
2. Palestine Grant-In-Aid Fund 100 S. Main St. Palestine, Illinois 62451		501C3	Scholarships	10500
3. Palestine Development Assn. PO Box 101 Palestine, Illinois 62451		501C3	Development of an Artists Relocation Program	6000
4. Palestine School District PO Box 217 Palestine, Illinois 62451		501C3	Chemistry Lab Improvements	6000
5. Palestine Public Library 116 S. Main St. Palestine Illinois 62451		501C3	Computer Workshops	3500
6. Lincoln Trail College Fdtn 11220 N. State Hwy 1 Robinson, IL 62454		501C3	Theater Program	2000
7. Lamotte Twp. Park District 209 N. Lincoln Palestine IL 62451		501C3	Baseball Field Bleachers	3000
Total			► 3a	40700
b Approved for future payment				
Total			► 3b	Q

Part XVI-A | Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income	Excluded by section 512, 513, or 514	(e) Related or exempt function income (See page 28 of the instructions.)		
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments					
4	Dividends and interest from securities					
5	Net rental income or (loss) from real estate:					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory					
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue: a					
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)					(46210)
13	Total. Add line 12, columns (b), (d), and (e)					13 (46210)

(See worksheet in line 13 instructions on page 28 to verify calculations.)

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

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

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

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

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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

Sign Here

<i>Lance D. Nerning</i>		3/20/2010	D I R E C T O R	
Signature of officer or trustee		Date	Title	
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed ► <input type="checkbox"/>	Preparer's identifying number (see Signature on page 30 of the instructions)
		► _____	EIN ► _____	Phone no. _____
Firm's name (or yours if self-employed), address, and ZIP code		► _____	Phone no. _____	

SCHEDULE A

LEG HERNING FOUNDATION
ASSETT ALLOCATION

FROM CHARLES SCHWAB
DEC. 1-31 REPORT

ALL ASSETTS ARE IN
CHARLES SCHWAB BROKERAGE ACCOUNT



G000008440206

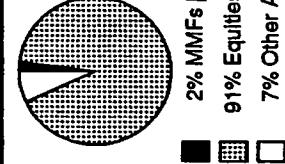
SCHWAB

Schwab One® Account of
LEO A HERNING FOUNDATIONStatement Period
December 1-31, 2009**Change in Account Value**

	This Period	Year to Date	Account Value (\$) Over Last 12 Months [in Thousands]
Starting Value	\$ 725,170.86	\$ 712,548.28	
Cash Value of Purchases & Sales	0.00	3,073.02	
Investments Purchased/Sold	0.00	(3,073.02)	
Deposits & Withdrawals	0.00	(41,878.00)	
Dividends & Interest	3,295.89	23,138.45	
Fees & Charges	0.00	0.00	
Transfers	0.00	0.00	
Income Reinvested	(1.05)	(41.36)	
Change in Value of Investments	(3,558.95)	31,139.38	
Ending Value on 12/31/2009	\$ 724,906.75	\$ 724,906.75	
Total Change in Account Value (Totals include Deposits & Withdrawals)	\$ (264.11)	\$ 12,358.47	1.73%

Asset Composition

	Market Value	% of Account Assets	Overview
Money Market Funds [Sweep]	\$ 15,159.75	2%	
Equities	660,951.00	91%	
Other Assets	48,796.00	7%	
Total Assets Long	\$ 724,906.75	100%	
Total Account Value	\$ 724,906.75		



Gain or (Loss) Summary	
Realized Gain or (Loss) This Period	\$0.00
Short Term	\$0.00
Long Term	\$0.00
Unrealized Gain or (Loss)	\$6,477.64
All Investments	\$6,477.64
Values may not reflect all of your gains/losses.	

Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings.
Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

SCHEDULE B

RECORD OF STOCK SALES IN 2009

<u>(BROKERAGE) POSITION</u>	<u>SALE DATE</u>	<u>SALE PRICE</u>	<u>PURCHASE DATE</u>	<u>PURCHASE PRICE</u>
(CHARLES SCHWAB) 200 SHARES ALTRIA GROUP	6-3-09	3398	1-14-03	8325
(CHARLES SCHWAB) 200 SHARES AMERICAN INTERNATIONAL	3-23-09	285	12-2-02	13039
(CHARLES SCHWAB) 500 SHARES BANK OF AMERICA CORP.	1-28-09	3682	1-15-03	19770
" 400 SH.	2-25-09	2087	11-19-02	13413
" 100 SH.	3-10-09	457	1-15-03	3954
" 200 SH.	3-10-09	881	1-3-06	13635
" 200 SH.	3-23-09	1429	7-3-07	9880
(CHARLES SCHWAB) 100 SHARES PEPSICO INC.	10-22-09	6093	1-24-06	5893
(CHARLES SCHWAB) PFIZER INC. 200 SH. 3-30-09		2705	11-19-02	6626
(CHARLES SCHWAB) 100 SHARES PHILLIP MORRIS INT. INC.	6-3-09	4410	(SPIN OFF-ALTRIA) 1-14-03	0
" 100 SH.	6-10-09	4401	"	0
(CHARLES SCHWAB) 200 SH. UNITED HEALTH GROUP INC.	7-29-09	5835	6-21-06	8911
(CHARLES SCHWAB) 100 SH. WAL-MART STORES INC.	1-02-09	5735	11-7-02	5400
100 SH. WAL-MART STORES INC.	10-22-09	5016	"	5400
(CHARLES SCHWAB) 100 SH. FAIRPOINT COMM.	11-5-09	0	7-1-08	651
		46414		114887

$$\Delta = (68483)$$

TO BE ENTERED ON PART I LINE 7

SCHEDULE C

EXPENSES CHARGED TO HERNING FOUNDATION IN 2009

LANCE HERNING TRIP TO PALESTINE IL. 470.00
OCTOBER 2009

TAX PREPARATION- LANCE HERNING 2-27-09 255.00

UNITED STATES TREASURY 428.00

ILLINOIS CHARITY BUREAU 15.00

ILLINOIS SECRETARY OF STATE 10.00

1178.00