CHANGE OF ANNUAL ACCOUNTING PERIOD

Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0052

2009

For calendar year 2009, or tax year beginning 10/01 **, 2009, and ending** 12/31 **, 20** 09

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: HERMES FAMILY FOUNDATION

Number and street (or P O box number if mail is not delivered to street address) | Room/suite:
C/O VAUGHN PERKINSON EHLINGER & MOXLEY
4505 COUNTRY CLUB ROAD SUITE 210

City or town, state, and ZIP code: WINSTON-SALEM, NC 27104

A Employer identification number: 51-0172567

B Telephone number (see page 10 of the instructions): (336) 794-6000

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 ▶ ☐

H Check type of organization: [X] 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)* ▶ $ 976,544.

J Accounting method [X] Cash ☐ Accrual
☐ Other (specify) ____________
(Part I, column (d) must be on cash basis)

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)
Revenue	1	Contributions, gifts, grants, etc, received (attach schedule)				
	2	Check ▶ [X] if the foundation is not required to attach Sch B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	4,540.	4,540.		ATCH 1
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	34,859.			
	b	Gross sales price for all assets on line 6a 249,953.				
	7	Capital gain net income (from Part IV, line 2)		34,859.		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total** Add lines 1 through 11	39,399.	39,399.		
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	0.			
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule)				
	c	Other professional fees (attach schedule) [2]	1,940.	1,940.		
	17	Interest				
	18	Taxes (attach schedule) (see page 14 of the instructions)				
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	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	1,940.	1,940.		
	25	Contributions, gifts, grants paid	100,000.			100,000.
	26	**Total expenses and disbursements** Add lines 24 and 25	101,940.	1,940.		100,000.
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	-62,541.			
	b	**Net investment income** (if negative, enter -0-)		37,459.		
	c	**Adjusted net income** (if negative, enter -0-)			-0-	

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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 (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1 Cash - non-interest-bearing	2,141.	2,141.	2,141.
	2 Savings and temporary cash investments	27,406.	2,465.	2,465.
	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			
	10 a Investments - U S and state government obligations (attach schedule)			
	b Investments - corporate stock (attach schedule) ATCH 3	817,404.	779,804.	971,938.
	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)	846,951.	784,410.	976,544.
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)			
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ X			
	27 Capital stock, trust principal, or current funds	846,951.	784,410.	
	28 Paid-in or capital surplus, or land, bldg , and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	0.	0.	
	30 Total net assets or fund balances (see page 17 of the instructions)	846,951.	784,410.	
	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	846,951.	784,410.	

Part III Analysis of Changes in Net Assets or Fund Balances

		Line	Amount
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	846,951.
2	Enter amount from Part I, line 27a	2	-62,541.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	784,410.
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	784,410.

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 PART IV SCHEDULE			
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				
b				
c				
d				
e				

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
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	34,859.
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	

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	112,822.	925,448.	0.121911
2007	113,574.	1,466,541.	0.077443
2006	92,785.	1,504,782.	0.061660
2005	93,612.	1,597,677.	0.058593
2004	74,262.	1,335,671.	0.055599

2 **Total** of line 1, column (d)	2	0.375206
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	0.075041
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	1,004,390.
5 Multiply line 4 by line 3	5	75,370.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	375.
7 Add lines 5 and 6	7	75,745.
8 Enter qualifying distributions from Part XII, line 4	8	100,000.

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 ▶ [ ] and enter "N/A" on line 1. Date of ruling or determination letter ____________ (attach copy of ruling letter if necessary - see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ [X] and enter 1% of Part I, line 27b		1	375.
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	
3	Add lines 1 and 2		3	375.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	0.
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-		5	375.
6	Credits/Payments			
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a 2,613.		
b	Exempt foreign organizations-tax withheld at source	6b 0.		
c	Tax paid with application for extension of time to file (Form 8868)	6c 0.		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments Add lines 6a through 6d		7	2,613.
8	Enter any **penalty** for underpayment of estimated tax Check here [ ] if Form 2220 is attached		8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶		9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶		10	2,238.
11	Enter the amount of line 10 to be **Credited to 2010 estimated tax** ▶ 2,238. **Refunded** ▶		11	

Part VII-A Statements Regarding Activities

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

Part VII-A Statements Regarding Activities *(continued)*

		Line	Yes	No
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?	13	X	

Website address ▶ NONE

14 The books are in care of ▶ JOHN R. PERKINSON JR Telephone no ▶ 336-794-6000

Located at ▶ 4505 COUNTRY CLUB RD STE 210 WINSTON-SALEM, NC ZIP + 4 ▶ 27104

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.

		Answer	Line	Yes	No
1a	During the year did the foundation (either directly or indirectly)				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?		1b		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐				
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))				
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	☐ Yes ☒ No			
	If "Yes," list the years ▶				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see page 20 of the instructions)		2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2009 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969, **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009)*		3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?		4b		X

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

5a During the year did the foundation pay or incur any amount to				
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	Yes	[X] 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	[X] No		
(3) Provide a grant to an individual for travel, study, or other similar purposes?	Yes	[X] 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	[X] 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	[X] 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)?			**5b**	
Organizations relying on a current notice regarding disaster assistance check here ▶ [X]				
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	[X] No		
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			**6b**	X
If "Yes" to 6b, file Form 8870				
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	Yes	[X] No		
b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?			**7b**	

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

1 List all officers, directors, trustees, foundation managers and their compensation (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
ATTACHMENT 4		0.	0.	0.

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

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

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

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
NOT APPLICABLE		

Total number of others receiving over $50,000 for professional services . . . . ▶ NONE

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

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 NOT APPLICABLE	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments** (see page 23 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NOT APPLICABLE	
2	
All other program-related investments See page 24 of the instructions 3 NONE	
Total. Add lines 1 through 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	1,008,173.
b	Average of monthly cash balances	1b	11,512.
c	Fair market value of all other assets (see page 24 of the instructions)	1c	0.
d	**Total** (add lines 1a, b, and c)	1d	1,019,685.
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	0.
3	Subtract line 2 from line 1d	3	1,019,685.
4	Cash deemed held for charitable activities Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	15,295.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,004,390.
6	**Minimum investment return.** Enter 5% of line 5	6	12,623.

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	12,623.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	375.		
b	*Income tax for 2009 (This does not include the tax from Part VI)*	2b			
c	Add lines 2a and 2b			2c	375.
3	Distributable amount before adjustments Subtract line 2c from line 1			3	12,248.
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	12,248.
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	12,248.

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	100,000.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	0.
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	0.
b	Cash distribution test (attach the required schedule)	3b	0.
4	**Qualifying distributions** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	100,000.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	375.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	99,625.

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					12,248.
2 Undistributed income, if any, as of the end of 2009					
a Enter amount for 2008 only					
b Total for prior years 20 07 ,20 06 ,20 05					
3 Excess distributions carryover, if any, to 2009					
a From 2004	0.				
b From 2005	21,010.				
c From 2006	74,178.				
d From 2007	113,633.				
e From 2008	66,720.				
f **Total** of lines 3a through e		275,541.			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ $ 100,000.					
a Applied to 2008, but not more than line 2a					
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					12,248.
e Remaining amount distributed out of corpus		87,752.			
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		363,293.			
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					
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010					
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)		0.			
9 **Excess distributions carryover to 2010.** Subtract lines 7 and 8 from line 6a		363,293.			
10 Analysis of line 9					
a Excess from 2005	21,010.				
b Excess from 2006	74,178.				
c Excess from 2007	113,633.				
d Excess from 2008	66,720.				
e Excess from 2009	87,752.				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9) NOT APPLICABLE

1 a 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 . . . . ▶

b Check box to indicate whether the foundation is a private operating foundation described in section [ ] 4942(j)(3) or [ ] 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	(e) Total
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 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)(iii)					
(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))

N/A

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

N/A

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

ATTACHMENT 5

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

ATTACHMENT 6

c Any submission deadlines

NONE

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

ONLY SEC. 501(C)(3) AND SEC. 170(C) ENTITIES ARE CONSIDERED

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
ATTACHMENT 7				
Total . . . . ▶ **3a**				100,000.
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income (a) Business code	(b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	(d) Amount	(e) Related or exempt function income (See page 28 of the instructions)
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	4,540.	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	34,859.	
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)				39,399.	

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 39,399.

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

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

Line No ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See page 29 of the instructions)
	NOT APPLICABLE

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

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
	N/A		N/A

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

b If "Yes," complete the following schedule

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

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 taxpayer or fiduciary) is based on all information of which preparer has any knowledge

Doris H. Crumpler | 5-12-10 | President

Signature of officer or trustee | Date | Title

Paid Preparer's Use Only

Preparer's signature	John A. Perkinson Jr.	Date 5/11/10	Check if self-employed ☐	Preparer's identifying number (See Signature on page 30 of the instructions) P00967463
Firm's name (or yours if self-employed), address, and ZIP code	VAUGHN PERKINSON EHLINGER & MOXLEY P.O. BOX 25715 WINSTON-SALEM, NC 27114		EIN ▶ 56-2228270	Phone no 3367946000

SCHEDULE D (Form 1041)

Department of the Treasury Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1041, Form 5227, or Form 990-T. See the instructions for Schedule D (Form 1041) (also for Form 5227 or Form 990-T, if applicable).

OMB No 1545-0092

2009

Name of estate or trust: HERMES FAMILY FOUNDATION

Employer identification number: 51-0172567

Note: *Form 5227 filers need to complete only Parts I and II*

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo , day, yr)	(c) Date sold (mo , day, yr)	(d) Sales price	(e) Cost or other basis (see page 4 of the instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
1a					

b Enter the short-term gain or (loss), if any, from Schedule D-1, line 1b	1b	16,649.
2 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824	2	
3 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts	3	
4 Short-term capital loss carryover Enter the amount, if any, from line 9 of the 2008 Capital Loss Carryover Worksheet	4	( )
5 **Net short-term gain or (loss).** Combine lines 1a through 4 in column (f) Enter here and on line 13, column (3) on the back ▶	5	16,649.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo , day, yr)	(c) Date sold (mo , day, yr)	(d) Sales price	(e) Cost or other basis (see page 4 of the instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
6a					

b Enter the long-term gain or (loss), if any, from Schedule D-1, line 6b	6b	18,210.
7 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824	7	
8 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts	8	
9 Capital gain distributions	9	
10 Gain from Form 4797, Part I	10	
11 Long-term capital loss carryover Enter the amount, if any, from line 14 of the 2008 Capital Loss Carryover Worksheet	11	( )
12 **Net long-term gain or (loss).** Combine lines 6a through 11 in column (f) Enter here and on line 14a, column (3) on the back ▶	12	18,210.

Part III Summary of Parts I and II

Caution: *Read the instructions before completing this part.*

			(1) Beneficiaries' (see page 5)	(2) Estate's or trust's	(3) Total
13	**Net short-term gain or (loss)**	13			16,649.
14	**Net long-term gain or (loss):**				
a	Total for year	14a			18,210.
b	Unrecaptured section 1250 gain (see line 18 of the wrksht)	14b			
c	28% rate gain	14c			
15	**Total net gain or (loss).** Combine lines 13 and 14a ▶	15			34,859.

Note: *If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Form 990-T, Part I, line 4a) If lines 14a and 15, column (2), are net gains, go to Part V, and* **do not** *complete Part IV If line 15, column (3), is a net loss, complete Part IV and the* **Capital Loss Carryover Worksheet,** *as necessary*

Part IV Capital Loss Limitation

16 Enter here and enter as a (loss) on Form 1041, line 4 (or Form 990-T, Part I, line 4c, if a trust), the **smaller** of

a The loss on line 15, column (3) **or** b $3,000 .... 16 ( )

Note: *If the loss on line 15, column (3), is more than $3,000,* **or** *if Form 1041, page 1, line 22 (or Form 990-T, line 34), is a loss, complete the* **Capital Loss Carryover Worksheet** *on page 7 of the instructions to figure your capital loss carryover*

Part V Tax Computation Using Maximum Capital Gains Rates

Form 1041 filers. Complete this part **only** if both lines 14a and 15 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), **and** Form 1041, line 22, is more than zero

Caution: *Skip this part and complete the worksheet on page 8 of the instructions if*

- *Either line 14b, col (2) or line 14c, col (2) is more than zero, or*
- *Both Form 1041, line 2b(1), and Form 4952, line 4g are more than zero*

Form 990-T trusts. Complete this part **only** if both lines 14a and 15 are gains, or qualified dividends are included in income in Part I of Form 990-T, **and** Form 990-T, line 34, is more than zero Skip this part and complete the worksheet on page 8 of the instructions if either line 14b, col (2) or line 14c, col (2) is more than zero

17	Enter taxable income from Form 1041, line 22 (or Form 990-T, line 34)	17	
18	Enter the **smaller** of line 14a or 15 in column (2) but not less than zero	18	
19	Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) (or enter the qualified dividends included in income in Part I of Form 990-T)	19	
20	Add lines 18 and 19	20	
21	If the estate or trust is filing Form 4952, enter the amount from line 4g, otherwise, enter -0- ▶	21	
22	Subtract line 21 from line 20 If zero or less, enter -0-	22	
23	Subtract line 22 from line 17 If zero or less, enter -0-	23	
24	Enter the **smaller** of the amount on line 17 or $2,300	24	
25	Is the amount on line 23 equal to or more than the amount on line 24? ☐ **Yes.** Skip lines 25 and 26, go to line 27 and check the "No" box ☐ **No.** Enter the amount from line 23	25	
26	Subtract line 25 from line 24	26	
27	Are the amounts on lines 22 and 26 the same? ☐ **Yes.** Skip lines 27 thru 30, go to line 31 ☐ **No.** Enter the smaller of line 17 or line 22	27	
28	Enter the amount from line 26 (If line 26 is blank, enter -0-)	28	
29	Subtract line 28 from line 27	29	
30	Multiply line 29 by 15% (15)	30	
31	Figure the tax on the amount on line 23 Use the 2009 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041)	31	
32	Add lines 30 and 31	32	
33	Figure the tax on the amount on line 17 Use the 2009 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041)	33	
34	**Tax on all taxable income.** Enter the **smaller** of line 32 or line 33 here and on Form 1041, Schedule G, line 1a (or Form 990-T, line 36)	34	

SCHEDULE D-1
(Form 1041)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Schedule D (Form 1041)

▶ See instructions for Schedule D (Form 1041).
▶ Attach to Schedule D to list additional transactions for lines 1a and 6a.

OMB No 1545-0092

2009

Name of estate or trust: HERMES FAMILY FOUNDATION

Employer identification number: 51-0172567

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example 100 sh 7% preferred of "Z" Co)	(b) Date acquired (mo , day, yr)	(c) Date sold (mo , day, yr)	(d) Sales price (see page 4 of the instructions)	(e) Cost or other basis (see page 4 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1a THRU UBS FINL SVCS-SEE ATTACHMENT	VARIOUS	VARIOUS	132,697.	116,048.	16,649.

1b **Total.** Combine the amounts in column (f) Enter here and on Schedule D, line 1b . . . . 16,649.

Name of estate or trust as shown on Form 1041 Do not enter name and employer identification number if shown on the other side	Employer identification number

Part II **Long-Term Capital Gains and Losses - Assets Held More Than One Year**

(a) Description of property (Example 100 sh 7% preferred of "Z" Co)	(b) Date acquired (mo , day, yr)	(c) Date sold (mo , day, yr)	(d) Sales price (see page 4 of the instructions)	(e) Cost or other basis (see page 4 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
6a THRU UBS FINL SVCS-SEE ATTACHMENT	VARIOUS	VARIOUS	117,256.	99,046.	18,210.

6b Total. Combine the amounts in column (f) Enter here and on Schedule D, line 6b . . . . 18,210.

JSA
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FORM 990-PF - PART IV
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
TOTAL GAIN (LOSS)							34,859.	

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

DESCRIPTION		REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
DIVIDENDS		4,540.	4,540.
	TOTAL	4,540.	4,540.

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
MANAGEMENT FEES	1,940.	1,940.
TOTALS	1,940.	1,940.

FORM 990PF, PART II - CORPORATE STOCK

ATTACHMENT 3

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
UBS FINANCIAL-SEE ATTACHMENT	779,804.	971,938.
TOTALS	779,804.	971,938.

Account name: HERMES FAMILY FOUNDATION
Account number: Y1 08023 4C

Your Financial Advisor:
SECHAN/KOBERNICK
212-821-7000

EIN: 51-0172567

FORM 990-PF, PART II LINE 10-INVESTMENTS

Your assets

Some prices, income and current values shown may be approximate As a result, gains and losses may not be accurately reflected See *Important information about your statement* at the end of this document for more information

Equities

Common stock

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
ABBOTT LABS								
Symbol. ABT Exchange· NYSE								
EAI· $1,120 Current yield· 2 96%	Feb 25, 08	400.000	55 362	22,145 04 [1]	53.990	21,596 00	-549 04	LT
	Apr 8, 08	300 000	54 623	16,386 90 [1]	53 990	16,197 00	-189.90	LT
Security total		700.000		38,531 94		37,793 00	-738 94	
AEROPOSTALE INC								
Symbol· ARO Exchange NYSE	May 29, 09	400 000	34 397	13,759 16	34 050	13,620 00	-139.16	ST
	Aug 11, 09	300 000	36 100	10,830 00	34 050	10,215 00	-615 00	ST
Security total		700 000		24,589.16		23,835 00	-754 16	
AKAMAI TECHNOLOGIES INC								
Symbol. AKAM Exchange. OTC	May 12, 09	800 000	21 064	16,851 77	25 340	20,272 00	3,420 23	ST
ANADARKO PETROLEUM CORP								
Symbol APC Exchange. NYSE								
EAI $180 Current yield 0 58%	Nov 12, 09	500 000	62 436	31,218 05	62 420	31,210 00	-8 05	ST
APPLE INC								
Symbol· AAPL Exchange· OTC	Nov 24, 09	200 000	205 046	41,009 38	210 732	42,146 40	1,137 02	ST

continued next page

Your assets › **Equities** › **Common stock** (continued)

EIN: 51-0172567

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
AVON PRODUCTS INC								
Symbol AVP Exchange NYSE								
EAI $756 Current yield· 2 67%	Nov 11, 09	900 000	34 240	30,816 27	31 500	28,350 00	-2,466 27	ST
CHUBB CORP								
Symbol CB Exchange NYSE								
EAI $1,120 Current yield 2 85%	Dec 12, 05	600 000	47 418	28,450 95 [1]	49 180	29,508 00	1,057 05	LT
	Jan 12, 06	200 000	49 125	9,825.00 [1]	49 180	9,836 00	11.00	LT
Security total		800 000		38,275 95		39,344 00	1,068.05	
COLGATE PALMOLIVE CO								
Symbol CL Exchange NYSE								
EAI $1,056 Current yield 2.14%	May 10, 06	600 000	60 209	36,125 40 [1]	82.150	49,290 00	13,164.60	LT
DANAHER CORP								
Symbol DHR Exchange NYSE								
EAI $96 Current yield 0 21%	Aug 3, 04	500 000	50 775	25,387 80 [1]	75 200	37,600 00	12,212 20	LT
	Nov 21, 06	100 000	73 195	7,319 52 [1]	75 200	7,520.00	200 48	LT
Security total		600 000		32,707 32		45,120.00	12,412 68	
DREAMWORKS ANIMATION SKG CL A								
Symbol DWA Exchange· OTC	Oct 16, 09	600 000	33 240	19,944 06	39 950	23,970 00	4,025 94	ST
EBAY INC								
Symbol EBAY Exchange OTC	Oct 16, 09	800 000	24 496	19,597 28	23 530	18,824 00	-773 28	ST
EXXON MOBIL CORP								
Symbol XOM Exchange NYSE								
EAI $672 Current yield: 2 46%	Jun 22, 00	400 000	42 242	16,896 96 [1]	68 190	27,276 00	10,379.04	LT
GOODRICH CORP								
Symbol GR Exchange NYSE								
EAI. $324 Current yield 1 68%	Nov 12, 09	300 000	59 241	17,772 57	64 250	19,275.00	1,502 43	ST
HEWLETT PACKARD CO								
Symbol HPQ Exchange NYSE								
EAI $352 Current yield 0 62%	Oct 3, 06	500 000	35 626	17,813 35 [1]	51 510	25,755 00	7,941 65	LT
	Oct 30, 06	300 000	39 191	11,757 48 [1]	51 510	15,453.00	3,695.52	LT
	Jan 29, 07	300 000	42.566	12,769 98 [1]	51 510	15,453 00	2,683.02	LT
Security total		1,100 000		42,340 81		56,661 00	14,320 19	
INTL BUSINESS MACH								
Symbol IBM Exchange· NYSE								
EAI $880 Current yield 1 68%	Nov 21, 06	400.000	93 202	37,280 88 [1]	130 900	52,360.00	15,079.12	LT

continued next page

EIN: 51-0172567

Your assets › Equities › Common stock (continued)

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
JOHNSON & JOHNSON COM								
Symbol JNJ Exchange: NYSE								
EAI. $1,176 Current yield: 3.04%	Apr 20, 05	200.000	69.815	13,963.02 [1]	64.410	12,882 00	-1,081 02	LT
	Feb 21, 06	400 000	58.893	23,557 56 [1]	64 410	25,764 00	2,206 44	LT
Security total		600 000		37,520 58		38,646 00	1,125.42	
JOY GLOBAL INC								
Symbol· JOYG Exchange OTC								
EAI: $560 Current yield 1 36%	May 12, 09	600 000	29 098	17,458 91	51 570	30,942.00	13,483 09	ST
	May 29, 09	200 000	34.837	6,967.41	51.570	10,314 00	3,346 59	ST
Security total		800 000		24,426 32		41,256 00	16,829.68	
JPMORGAN CHASE & CO								
Symbol JPM Exchange NYSE								
EAI· $180 Current yield: 0.48%	Apr 30, 09	700 000	34.570	24,199 07	41 670	29,169.00	4,969 93	ST
	Oct 1, 09	200.000	42.624	8,524 97	41.670	8,334 00	-190 97	ST
Security total		900.000		32,724 04		37,503.00	4,778.96	
NIKE INC CL B								
Symbol: NKE Exchange. NYSE								
EAI· $864 Current yield. 1 63%	Apr 1, 05	300.000	41 420	12,426 21 [1]	66 070	19,821.00	7,394.79	LT
	Sep 16, 05	400 000	39 738	15,895 32 [1]	66.070	26,428 00	10,532.68	LT
	May 19, 08	100.000	68.272	6,827 25 [1]	66 070	6,607 00	-220.25	LT
Security total		800.000		35,148 78		52,856.00	17,707.22	
OCCIDENTAL PETROLEUM CRP								
Symbol· OXY Exchange· NYSE								
EAI $660 Current yield. 1.62%	Jun 2, 05	500 000	36 580	18,290 00 [1]	81 350	40,675 00	22,385 00	LT
PEPSICO INC								
Symbol PEP Exchange NYSE								
EAI $1,260 Current yield. 2 96%	Sep 3, 02	300 000	38 773	11,632 11 [1]	60 800	18,240 00	6,607 89	LT
	Apr 22, 03	300 000	41.521	12,456 54 [1]	60.800	18,240 00	5,783 46	LT
	Jul 17, 06	100 000	61 900	6,190 00 [1]	60 800	6,080 00	-110 00	LT
Security total		700 000		30,278 65		42,560.00	12,281.35	
POTASH CORP SASK INC CANADA								
Symbol POT Exchange NYSE								
EAI: $80 Current yield: 0 37%	Jul 1, 09	200.000	91 300	18,260.18	108 500	21,700 00	3,439 82	ST

continued next page

Your assets › Equities › Common stock (continued)

EIN: 51-0172567

Holding	Trade date	Number of shares	Purchase price per share ($)	Cost basis ($)	Price per share on Dec 31 ($)	Value on Dec 31 ($)	Unrealized gain or loss ($)	Holding period
QUALCOMM INC								
Symbol QCOM Exchange OTC								
EAI $680 Current yield 1 47%	Sep 25, 07	600.000	40 305	24,183 06 [1]	46 260	27,756 00	3,572 94	LT
	Oct 16, 07	400 000	41 742	16,696 92 [1]	46 260	18,504 00	1,807 08	LT
Security total		1,000 000		40,879 98		46,260 00	5,380 02	
SCHLUMBERGER LTD NETHERLANDS ANTILLES								
Symbol SLB Exchange NYSE								
EAI. $504 Current yield 1 29%	Nov 27, 96	400.000	23.530	9,412 30 [1]	65 090	26,036 00	16,623.70	LT
	Apr 30, 09	200 000	50 376	10,075 25	65.090	13,018 00	2,942 75	ST
Security total		600 000		19,487 55		39,054.00	19,566 45	
STRYKER CORP								
Symbol SYK Exchange NYSE								
EAI $240 Current yield 1 19%	Feb 12, 09	400 000	42 213	16,885 56	50 370	20,148.00	3,262 44	ST
THERMO FISHER SCIENTIFIC INC								
Symbol TMO Exchange NYSE	Nov 26, 08	500 000	34.586	17,293 29	47.690	23,845 00	6,551 71	LT
	Feb 12, 09	100 000	38.457	3,845 72	47 690	4,769 00	923 28	ST
Security total		600 000		21,139 01		28,614 00	7,474 99	
UNION PACIFIC CORP								
Symbol. UNP Exchange NYSE								
EAI $432 Current yield 1.69%	Dec 23, 08	400 000	46 504	18,601 74	63.900	25,560 00	6,958 26	LT
WAL MART STORES INC								
Symbol WMT Exchange. NYSE								
EAI. $436 Current yield 2 04%	Dec 23, 08	400 000	55 508	22,203 44	53 450	21,380 00	-823 44	LT
Total				**$779,803.63**		**$971,938.40**	**$192,134.77**	

Total estimated annual income: $13,628

[1] Indicates cost basis information has been provided by a source other than UBS Financial Services

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

ATTACHMENT 4

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
ADRIENNE HERMES C/O VAUGHN PERKINSON ET AL 4505 COUNTY CLUB ROAD STE 210 WINSTON-SALEM, NC 27104	SECRETARY 1.00	0.	0.	0.
GWENDOLYN SMITH C/O VAUGHN PERKINSON ET AL 4505 COUNTRY CLUB ROAD STE 210 WINSTON-SALEM, NC 27104	DIRECTOR 1.00	0.	0.	0.
IRMA SMART C/O VAUGHN PERKINSON ET AL 4505 COUNTRY CLUB ROAD WINSTON-SALEM, NC 27104	VICE PRESIDENT 1.00	0.	0.	0.
DORIS CRUMPLER C/O VAUGHN PERKINSON ET AL 4505 COUNTRY CLUB ROAD STE 210 WINSTON-SALEM, NC 27104	DIRECTOR/PRESIDENT 1.00	0.	0.	0.
	GRAND TOTALS	0.	0.	0.

ATTACHMENT 5

FORM 990PF, PART XV - NAME, ADDRESS AND PHONE FOR APPLICATIONS

DONNIE JONES, VAUGHN PERKINSON
4505 COUNTRY CLUB ROAD STE 210
WINSTON-SALEM, NC 27104
336-794-6000

990PF, PART XV - FORM AND CONTENTS OF SUBMITTED APPLICATIONS

LETTER SPECIFYING REASONS FOR APPLICATION (I.E., HOW FUNDS ARE TO BE USED)

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE 10/1/09 thru 12/31/09

RECIPIENT	RELATIONSHIP	GRANT PURPOSE	NFP STATUS OF RECIPIENT	AMOUNT
American Cancer Society P O Box 3907 Martinsville, VA 24115	None	Charitable	Section 170 (b) (1) (A) (vi)	1,300
American Diabetes Association P O Box 3389 Martinsville, VA 24115	None	Charitable	Section 170 (b) (1) (A) (vi)	500
American Red Cross-Martinsville-Henry County 1081 Spruce Street Martinsville, VA 24112	None	Charitable	Section 170 (b) (1) (A) (vi)	1,700
Boys and Girls Club of Martinsville-Henry County 6 East Main Street, Suite A Martinsville, VA 24112	None	Charitable	Section 170 (b) (1) (A) (vi)	3,500
Carlisle School-Annual Giving P O Box 5388 Martinsville, VA 24115	None	Charitable	Section 170 (b) (1) (A) (ii)	12,000
Danville Science Center P O Box 167 Danville, VA 24543	None	Charitable	509 (a) (3) Type III	500
Deacon Club Wake Forest Athletic Development 499 Deacon Boulevard Winston-Salem, NC 27105	None	Charitable	Section 170 (b) (1) (A) (ii)	500
Duke Endowment Fund Development Office Duke University Durham, NC 27706	None	Charitable	Section 170 (b) (1) (A) (ii)	3,000
Duke University Iron Dukes 116 Cameron Indoor Stadium Box 90542 Durham, NC 27708	None	Charitable	Section 170 (b) (1) (A) (ii)	8,500
Edwards Adult Day Care Center 431 Commonwealth Blvd Martinsville, VA 24112	None	Charitable	Section 170 (b) (1) (A) (vi)	500
Ferrum College Sholarship Fund Ferrum, VA 24088-9001	None	Charitable	Section 170 (b) (1) (A) (ii)	2,000
Fork Mountain Fire Department 2889 Fork Mountain Road Bassett, VA 24055	None	Charitable	Section 170 (b) (1) (A) (vi)	750
Fork Mountain Rescue Squad 2805 Virgil H Goode Highway Rocky Mount, VA 24151	None	Charitable	Section 170 (b) (1) (A) (vi)	750
Franklin County High School 700 Tanyard Road Rocky Mount, VA 24151	None	Charitable	Section 170 (b) (1) (A) (ii)	5,000

HERMES FAMILY FOUNDATION 51-01272567

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE 10/1/09 thru 12/31/09

RECIPIENT	RELATIONSHIP	GRANT PURPOSE	NFP STATUS OF RECIPIENT	AMOUNT
Guiding Eyes for the Blind P O Box 709 Yorktown Heights, NY 10598-0709	None	Charitable	509 (a) (2)	250
Grace Network of Martinsville & Henry County P O Box 3902 Martinsville, NC 24115	None	Charitable	Section 170 (b) (1) (A) (vi)	1,000
Guilford Day School 3310 Horse Pen Creek Road Greensboro, NC 27410	None	Charitable	Section 170 (b) (1) (A) (ii)	5,000
Holy Trinity Lutheran Church 1527 Church Street Extension P O Box 5184 Martinsville, VA 24115	None	Charitable	Section 170 (b) (1) (A) (i)	1,000
Kentucky State Fair World's Championship Horse Show c/o Kentucky Exposition Center, 937 Phillips Lane Louisville, KY 40209	None	Charitable	Governmental Unit	2,000
MARC Workshop, Inc P O Box 3749 Martinsville, VA 24115	None	Charitable	Section 170 (b) (1) (A) (vi)	1,500
Martinsville Area Community Foundation P O Box 1124 Martinsville, VA 24114-1124	None	Charitable	501 (c) (3)	13,000
Martinsville Cemetary Association P O Box 246 Martinsville, VA 24114	None	Charitable	501 (c) (13)	500
National Cancer Institute Neuro-Oncology Branch 9030 Old Georgetown Road Bloch Building #82, Room 225 Bethesda, MD 20892	None	Charitable	Section 170 (b) (1) (A) (v)	250
North Carolina Veterinary Medical Foundation, Inc 4700 Hillsborough Street Raleigh, NC 27606-1499	None	Charitable	Section 170 (b) (1) (A) (vi)	1,000
Patrick Henry Community College Foundation P O Box 5311 Martinsville, VA 24115	None	Charitable	Section 170 (b) (1) (A) (iv)	1,500
Piedmont Arts Association 215 Starling Avenue Martinsville, VA 24115	None	Charitable	Section 170 (b) (1) (A) (vi)	1,500
Red Dog Farm Animal Rescue 5836 Bur-mill Road Greensboro, NC 27410	None	Charitable	Section 170 (b) (1) (A) (vi)	1,000

HERMES FAMILY FOUNDATION 51-01272567

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE 10/1/09 thru 12/31/09

RECIPIENT	RELATIONSHIP	GRANT PURPOSE	NFP STATUS OF RECIPIENT	AMOUNT
Riverwood Therapeutic Riding Center, Inc 6825 Rollingview Drive Tobaccoville, NC 27050	None	Charitable	509 (a) (2)	1,000
SPCA 132 Joseph Martin Highway Martinsville, VA 24078	None	Charitable	Section 170 (b) (1) (A) (vi)	5,500
St Jude's Children's Hospital 262 Danny Thomas Place Memphis, TN 38105	None	Charitable	Section 170 (b) (1) (A) (iii)	2,000
The Salvation Army P O Box 551 Martinsville, VA 24114-0551	None	Charitable	Section 170 (b) (1) (A) (i)	2,500
The Special Children's School 4505 Shattalon Drive Winston-Salem, NC 27106	None	Charitable	509 (a) (2)	2,000
The Summit School 2100 Reynolda Road Winston-Salem, NC 27106	None	Charitable	Section 170 (b) (1) (A) (ii)	3,500
University of North Carolina at Greensboro Development Office P O Box 26170 Greensboro, NC 27402-6170	None	Charitable	Section 170 (b) (1) (A) (ii)	500
Virginia Museum of Natural History 21 Starling Avenue Martinsville, VA 24112	None	Chartiable	Section 170 (b) (1) (A) (vi)	2,000
Virginia Tech Atheletic Fund-Hoakie Club P O Box 10307 Blacksburg, VA 24062-0307	None	Charitable	Section 170 (b) (1) (A) (ii)	2,000
Wake Forest University Office of University Advancement P O Box 7227, Reynolda Station Winston-Salem, NC 27109	None	Charitable	Section 170 (b) (1) (A) (ii)	1,000
Wake Forest University Baptist Medical Center Office of Development & Alumni Affairs Medical Center Boulevard Winston-Salem, NC 27157	None	Charitable	509 (a) (3)-Type I	5,000
Wake Forest University School of Law President's Club P O Box 7206, Reynolda Station Winston-Salem, NC 27109	None	Charitable	Section 170 (b) (1) (A) (ii)	1,000
Walnut Cove Public Library P O Box 706 Walnut Cove, NC 27052	None	Charitable	Section 170 (b) (1) (A) (v)	1,000

HERMES FAMILY FOUNDATION 51-01272567

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE 10/1/09 thru 12/31/09

RECIPIENT	RELATIONSHIP	GRANT PURPOSE	NFP STATUS OF RECIPIENT	AMOUNT
Walnut Cove VFD & Rescue Squad P O Box 532 Walnut Cove, NC 27052	None	Charitable	Section 170 (b) (1) (A) (vi)	1,000
TOTAL				100,000

HERMES FAMILY FOUNDATION EIN: 51-0172567

FORM 990-PF, PART IV - CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

DESCRIPTION	DATE ACQUIRED	DATE SOLD	PROCEEDS	COST	GAIN LOSS	SHORT TERM	LONG TERM
THRU UBA FINANCIAL SERVICES							
1000 SH AT&T INC	11/26/08	10/16/09	25,639	28,370	(2,731)	(2,731)	
200 SH AT&T INC	12/11/08	10/16/09	5,128	5,673	(545)	(545)	
8 SH CALL JOY GLOBAL INC DUE 10/17/09	10/13/09	10/01/09	720	560	160	160	
6 SH CALL OCCIDENTAL PETROLEUM DUE 11/21/09	10/28/09	10/15/09	1,548	390	1,158	1,158	
6 SH CALL OCCIDENTAL PETROLEUM DUE 10/17/09	10/15/09	10/01/09	450	1,878	(1,428)	(1,428)	
2 SH CALL POTASH CORP SASK IN DUE 10/17/09	10/16/09	10/06/09	250	362	(112)	(112)	
1000 SH ACCENTURE PLC IRELAND CL A	11/26/08	11/24/09	40,522	30,210	10,312	10,312	
100 SH ACCENTURE PLC IRELAND CL A	07/01/09	11/24/09	4,052	3,380	672	672	
600 SH MARATON OIL CORP	04/03/06	11/12/09	20,565	17,164	3,401	3,401	
300 SH MARATON OIL CORP	04/15/09	11/12/09	10,282	8,516	1,766	1,766	
200 SH MARATON OIL CORP	04/30/09	11/12/09	6,855	6,035	820	820	
8 SH CALL JOY GLOBAL INC DUE 11/21/09	11/12/09	11/05/09	480	240	240	240	
8 SH CALL JOY GLOBAL INC DUE 11/21/09	10/30/09	10/19/09	880	266	614	614	
8 SH CALL JOY GLOBAL INC DUE 11/21/09	11/20/09	11/16/09	1,160	348	812	812	
6 SH CALL OCCIDENTAL PETROLEUM DUE 11/21/09	11/12/09	11/05/09	450	240	210	210	
2 SH CALL POTASH CORP SASK IN DUE 11/21/09	10/30/09	10/16/09	672	330	342	342	
2 SH CALL POTASH CORP SASK IN DUE 11/21/09	11/20/09	11/09/09	240	1,360	(1,120)	(1,120)	
1300 SH CVC CAREMARK CORP	04/10/07	11/11/09	39,388	47,048	(7,660)		(7,660)
100 SH AEROPOSTALE INC	05/29/09	12/14/19	3,199	3,440	(241)	(241)	
100 SH UNION PACIFIC CORP	12/23/08	12/10/09	6,475	4,650	1,825	1,825	
8 SH CALL JOY GLOBAL INC DUE 12/19/09	12/04/09	11/25/09	720	310	410	410	
2 SH CALL POTASH CORP SASK IN DUE 01/16/10	12/17/09	12/11/09	1,170	526	644	644	
2 SH CALL POTASH CORP SASK IN DUE 12/19/09	12/11/09	11/20/09	1,240	1,800	(560)	(560)	
100 SH COLGATE PALMOLIVE CO	05/10/06	12/10/09	8,292	6,021	2,271		2,271
300 SH HEWLETT PACKARD CO	10/03/06	12/10/09	15,060	10,688	4,372		4,372
100 SH INTL BUSINESS MACHINES	11/21/06	12/10/09	12,933	9,320	3,613		3,613
100 SH NIKE INC CL B	04/01/05	12/10/09	6,299	4,142	2,157		2,157
100 SH OCCIDENTAL PETROLEUM CORP	06/02/05	12/10/09	7,624	3,658	3,966		3,966
200 SH PEPSICO INC	09/03/02	12/10/09	12,390	7,755	4,635		4,635
200 SH QUALCOMM INC	09/25/07	12/10/09	9,144	8,061	1,083		1,083
100 SH SCHLUMBERGER LTD NETHERLANDS	11/27/96	12/10/09	6,126	2,353	3,773		3,773
			249,953	215,094	34,859	16,649	18,210

HERMES FAMILY FOUNDATION
EIN: 51-0172567
TAX YEAR ENDED DECEMBER 31, 2009
ATTACHMENT TO FORM 990 PF

CHANGE IN ACCOUNTING PERIOD

THE TAXPAYER DESIRES TO CHANGE ITS ANNUAL ACCOUNTING PERIOD FROM SEPTEMBER 30 TO DECEMBER 31. PER REV. PROC. 85-58 THE CHANGE MAYBE MADE BY TIMELY FILING OF THE FORM 990-PF FOR THE SHORT PERIOD FOR WHICH A RETURN IS REQUIRED. THE FOUNDATION HAS NOT CHANGED ITS YEAR END IN THE LAST 10 CALENDAR YEAR PERIODS.