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

OMB No 1545-0052

2009

Department of the Treasury
Internal Revenue Service

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

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

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

Use the IRS label. Otherwise, print or type. See Specific Instructions	Name of foundation NANCY A. LAUTER & ALFRED L. MCDOUGAL CHARITABLE FUND		A Employer identification number 52-7240158
	Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see the instructions) (312) 836-1216
	City or town CHICAGO	State ZIP code IL 60611	C If exemption application is pending, check here ☐
	H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		D 1 Foreign organizations, check here ☐ 2 Foreign organizations meeting the 85% test, check here and attach computation ☐
I Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ 6,154,801.		J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here ☐ F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see 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 (att sch)	0.			
2 Ck ☒ if the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments	0.	0.	0.	
4 Dividends and interest from securities	75,930.	75,930.	0.	
5a Gross rents	0.	0.	0.	
b Net rental income or (loss)	0.	L-6a Stmt		
6a Net gain/(loss) from sale of assets not on line 10	72,236.			
b Gross sales price for all assets on line 6a	2,942,363.			
7 Capital gain net income (from Part IV, line 2)		72,236.		
8 Net short-term capital gain			0.	
9 Income modifications			0.	
10a Gross sales less returns and allowances	0.			
b Less Cost of goods sold	0.			
c Gross profit/(loss) (att sch)	0.		0.	
11 Other income (attach schedule)				
REIMBURSEMENT OF FEES	28,031.	28,031.	0.	
12 Total. Add lines 1 through 11	176,197.	176,197.	0.	
13 Compensation of officers, directors, trustees, etc				
14 Other employee salaries and wages				
15 Other employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule)	875.	525.	0.	350.
c Other prof fees (attach schedule)	21,094.	12,656.	0.	8,438.
17 Interest				
18 (Attach schedule (see instr)) See Line 18 Stmt	3,904.	3,889.	0.	15.
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule)				
POSTAGE	8.	8.	0.	0.
24 Total operating and administrative expenses. Add lines 13 through 23	25,881.	17,078.	0.	8,803.
25 Contributions, gifts, grants paid	414,570.			414,570.
26 Total expenses and disbursements. Add lines 24 and 25	440,451.	17,078.	0.	423,373.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-264,254.			
b Net investment income (if negative, enter -0-)		159,119.		
c Adjusted net income (if negative, enter -0-)			0.	

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		80,864.	831,783.	831,783.
	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 the instructions)				
	7	Other notes and loans receivable (attach sch)				
		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)				
	b	Investments — corporate stock (attach schedule) L-10b Stmt	3,610,412.	2,510,970.	3,000,315.	
	c	Investments — corporate bonds (attach schedule) L-10c Stmt.	2,226,380.	2,310,649.	2,322,703.	
	LIABILITIES	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 instructions. Also, see page 1, item I)	5,917,656.	5,653,402.	6,154,801.	
17		Accounts payable and accrued expenses	0.	0.		
18		Grants payable				
FUNDS	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe)				
	23	Total liabilities (add lines 17 through 22)	0.	0.		
		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.				
ASSETS	27	Capital stock, trust principal, or current funds	5,917,656.	5,653,402.		
	28	Paid-in or capital surplus, or land, building, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
	30	Total net assets or fund balances (see the instructions)	5,917,656.	5,653,402.		
	31	Total liabilities and net assets/fund balances (see the instructions)	5,917,656.	5,653,402.		

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	5,917,656.
2	Enter amount from Part I, line 27a	2	-264,254.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	5,653,402.
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	5,653,402.

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 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a TCW TOTAL RETURN BOND FUND I CLASS	P	08/21/09	12/07/09
b PIMCO REAL RETURN FUND	P	Various	Various
c COAST DIVERSIFIED FUND II, LTD	P	Various	Various
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 460,655.	0.	450,000.	10,655.
b 1,209,886.	0.	1,320,681.	-110,795.
c 1,271,822.	0.	1,099,446.	172,376.
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			10,655.
b			-110,795.
c 0.	0.	0.	172,376.
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	72,236.
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 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 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 (column (b) divided by column (c))
2008	310,798.	6,467,734.	0.048054
2007	314,318.	6,672,107.	0.047109
2006	308,094.	5,927,869.	0.051974
2005	318,721.	6,530,703.	0.048803
2004	220,311.	6,379,628.	0.034534

2 Total of line 1, column (d)	2	0.230474
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	0.046095
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	5,392,478.
5 Multiply line 4 by line 3	5	248,566.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,591.
7 Add lines 5 and 6	7	250,157.
8 Enter qualifying distributions from Part XII, line 4	8	423,373.

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.

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

1 a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter 'N/A' on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary - see instr.)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b		1	1,591.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		2	0.
3 Add lines 1 and 2		3	1,591.
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	1,591.
6 Credits/Payments:			
a 2009 estimated tax pmts and 2008 overpayment credited to 2009	6a	2,900.	
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments Add lines 6a through 6d	7	2,900.	
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	1,309.	
11 Enter the amount of line 10 to be Credited to 2010 estimated tax	11		

Part VII-A Statements Regarding Activities

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

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Part VII-A Statements Regarding Activities Continued

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address N/A

14 The books are in care of NANCY S. LOWENTHAL Telephone no (312) 836-1216
 Located at 400 NORTH MICHIGAN AVENUE, SUITE 300, CHICAGO IL ZIP + 4 60611-4104

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? ☐ 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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here ☐	1b	
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? ☐ Yes ☒ No If 'Yes,' list the years <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
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 the instructions.)	2b	X
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
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

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see 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 instructions)?

5b

Organizations relying on a current notice regarding disaster assistance check here

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

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

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

6b

If 'Yes' to 6b, file Form 8870

X

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?

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 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
NANCY A. LAUTER 219 E. LAKE SHORE DR., CHICAGO IL 60611	TRUSTEE 8.00	0.	0.	0.
ALFRED L. MCDUGAL 219 E. LAKE SHORE DR., CHICAGO IL 60611	TRUSTEE 8.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1— see 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
N/A	N/A 0.00			
0				
0				
0				
0				

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

NONE

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 instructions). If none, enter 'NONE'.

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
N/A		N/A
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 N/A	0.
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	0.
2	
All other program-related investments See instructions.	
3 N/A	0.
Total. Add lines 1 through 3	None

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1 a	2,180,501.
b	Average of monthly cash balances	1 b	245,423.
c	Fair market value of all other assets (see instructions)	1 c	3,048,673.
d	Total (add lines 1a, b, and c)	1 d	5,474,597.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	5,474,597.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	82,119.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5,392,478.
6	Minimum investment return. Enter 5% of line 5	6	269,624.

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

1	Minimum investment return from Part X, line 6	1	269,624.
2a	Tax on investment income for 2009 from Part VI, line 5	2 a	1,591.
b	Income tax for 2009 (This does not include the tax from Part VI)	2 b	0.
c	Add lines 2a and 2b	2 c	1,591.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	268,033.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	268,033.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	268,033.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	1 a	423,373.
b	Program-related investments — total from Part IX-B	1 b	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)	3 a	0.
b	Cash distribution test (attach the required schedule)	3 b	0.
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	423,373.
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 instructions)	5	1,591.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	421,782.

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 instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				268,033.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			308,362.	
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	0.			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 423,373.				
a Applied to 2008, but not more than line 2a			308,362.	
b Applied to undistributed income of prior years (Election required — see instructions)		0.		
c Treated as distributions out of corpus (Election required — see instructions)	0.			
d Applied to 2009 distributable amount				115,011.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount — see instructions		0.		
e Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount — see instructions			0.	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				153,022.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2005	0.			
b Excess from 2006	0.			
c Excess from 2007	0.			
d Excess from 2008	0.			
e Excess from 2009	0.			

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Form 990-PF (2009)

Part XIV	Private Operating Foundations (see instructions and Part VII-A, question 9)
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N/A

- 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 ☐ 4942(j)(3) or

- 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(i)(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 organization had \$5,000 or more in assets at any time during the year – see 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 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:

NANCY S. LOWENTHAL

400 NORTH MICHIGAN AVENUE, SUITE 300

CHICAGO

IL 60611

(312) 836-1216

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

N/A

- c Any submission deadlines:**

N/A

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

N/A

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
<i>a</i> Paid during the year SEE ATTACHED STATEMENT	N/A	501(c)(3)	GENERAL	414,570.
Total			3a	414,570.
<i>b</i> Approved for future payment				
Total			3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
		(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1	Program service revenue					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments					
4	Dividends and interest from securities			14	75,930.	
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	72,236.	
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue					
a	REIMBURSEMENT OF FEES			14	28,031.	
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)				176,197.	
13	Total. Add line 12, columns (b), (d), and (e)					13 176,197.

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

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

[illegible]

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

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting foundation to a noncharitable exempt organization of

- (1) Cash

- (2) Other assets**

b Other transactions

- (1) Sales of assets to a noncharitable exempt organization**

- (2) Purchases of assets from a noncharitable exempt organization**

- (3) Rental of facilities, equipment, or other assets**

- #### (4) Reimbursement arrangements

- (5) Loans or loan guarantees

- (6) Performance of services or membership or fundraising solicitations**

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

	Yes	No
1a (1)		X
1a (2)		X
1b (1)		X
1b (2)		X
1b (3)		X
1b (4)		X
1b (5)		X
1b (6)		X
1c		X

d If the answer to any of the above is 'Yes,' complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

[illegible]

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

☒ Yes ☐ No

b If 'Yes,' complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
MCDUGAL FAMILY FOUNDATION	501(c)(3)	COMMON TRUSTEE

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.

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Signature of officer or trustee Amil Mangal Date 5/17/10 Title Trustee

Paid Pre-	Preparer's signature	Date	Check if self- employed	Preparer's identifying number (See Signature in the instrs)
	 THOMAS J. BYER, ATTORNEY AT LAW	5/13/10	☒	

Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code	606 TAX SERVICES 401 S LA SALLE ST STE 606 CHICAGO IL 60605-1076	EIN ▶	
			Phone no ▶	(312) 786-5959

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Form 990-PF (2009)

Form 990-PF
Part I, Line 6a

Net Gain or Loss From Sale of Assets

2009

Name NANCY A. LAUTER & ALFRED L. MCDUGAL CHARITABLE FUND	Employer Identification Number 52-7240158
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Asset Information:

Description of Property		TCW TOTAL RETURN BOND FUND I CLASS	
Date Acquired	08/21/09	How Acquired	Purchased
Date Sold	12/07/09	Name of Buyer	UNKNOWN
Sales Price	460,655.	Cost or other basis (do not reduce by depreciation)	450,000.
Sales Expense	0.	Valuation Method	Fair Market Value
Total Gain (Loss)	10,655.	Accumulation Depreciation	0.

Description of Property		PIMCO REAL RETURN FUND	
Date Acquired	Various	How Acquired	Purchased
Date Sold	Various	Name of Buyer	UNKNOWN
Sales Price	1,209,886.	Cost or other basis (do not reduce by depreciation)	1,320,681.
Sales Expense	0.	Valuation Method	Fair Market Value
Total Gain (Loss)	-110,795.	Accumulation Depreciation	0.

Description of Property		COAST DIVERSIFIED FUND II, LTD	
Date Acquired	Various	How Acquired	Purchased
Date Sold	Various	Name of Buyer	UNKNOWN
Sales Price	1,271,822.	Cost or other basis (do not reduce by depreciation)	1,099,446.
Sales Expense	0.	Valuation Method	Fair Market Value
Total Gain (Loss)	172,376.	Accumulation Depreciation	0.

Description of Property			
Date Acquired		How Acquired	
Date Sold		Name of Buyer	
Sales Price		Cost or other basis (do not reduce by depreciation)	
Sales Expense		Valuation Method	
Total Gain (Loss)		Accumulation Depreciation	

Description of Property			
Date Acquired		How Acquired	
Date Sold		Name of Buyer	
Sales Price		Cost or other basis (do not reduce by depreciation)	
Sales Expense		Valuation Method	
Total Gain (Loss)		Accumulation Depreciation	

Description of Property			
Date Acquired		How Acquired	
Date Sold		Name of Buyer	
Sales Price		Cost or other basis (do not reduce by depreciation)	
Sales Expense		Valuation Method	
Total Gain (Loss)		Accumulation Depreciation	

Description of Property			
Date Acquired		How Acquired	
Date Sold		Name of Buyer	
Sales Price		Cost or other basis (do not reduce by depreciation)	
Sales Expense		Valuation Method	
Total Gain (Loss)		Accumulation Depreciation	

Description of Property			
Date Acquired		How Acquired	
Date Sold		Name of Buyer	
Sales Price		Cost or other basis (do not reduce by depreciation)	
Sales Expense		Valuation Method	
Total Gain (Loss)		Accumulation Depreciation	

Form 990-PF, Page 1, Part I, Line 18

Line 18 Stmt

Taxes (see the instructions)	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
ILLINOIS ANNUAL REPORT FILING FEE	15.	0.	0.	15.
2008 FEDERAL EXCISE TAX	989.	989.	0.	0.
2009 FEDERAL EXCISE TAX	2,900.	2,900.	0.	0.
Total	3,904.	3,889.	0.	15.

Form 990-PF, Page 1, Part I

Line 16b - Accounting Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
THOMAS J DWYER & ASS	TAX & ACCOUNTING SERVICE	875.	525.	0.	350.
Total		875.	525.	0.	350.

Form 990-PF, Page 1, Part I

Line 16c - Other Professional Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ALM CORP.	ADMINISTRATIVE SUPPORT	6,685.	4,011.	0.	2,674.
NORTHSIDE CAP MGMT	FINANCIAL CONSULTING	14,409.	8,645.	0.	5,764.
Total		21,094.	12,656.	0.	8,438.

Form 990-PF, Page 2, Part II, Line 10b

L-10b Stmt

Line 10b - Investments - Corporate Stock:	End of Year	
	Book Value	Fair Market Value
THE CANYON VALUE REALIZATION FUND	1,000,000.	1,194,631.
COAST DIVERSIFIED FUND II, LTD. - LEVERED	560,970.	669,467.
DAVIDSON KEMPER INTERNATIONAL, LTD. - CLASS A	950,000.	1,136,217.
Total	2,510,970.	3,000,315.

Form 990-PF, Page 2, Part II, Line 10c

L- 10c Stmt

Line 10c - Investments - Corporate Bonds:	End of Year	
	Book Value	Fair Market Value
CHARLES SCHWAB INSTITUTIONAL - BOND FUNDS	2,310,649.	2,322,703.

Form 990-PF, Page 2, Part II, Line 10c

Continued

L- 10c Stmt

Line 10c - Investments - Corporate Bonds:	End of Year	
	Book Value	Fair Market Value
Total	<u>2,310,649.</u>	<u>2,322,703.</u>

Nancy A. Lauter & Alfred L. McDougal Charitable Fund
January through December 2009

Date	Name	Relationship	Status	Purpose	Amount
Grants					
04/06/2009	Blue Lake Public Radio	N/A	501(c)(3)	General	100 00
11/17/2009	Chicago Humanities Festival	N/A	501(c)(3)	General	18,500 00
09/09/2009	Chicago Opera Theatre	N/A	501(c)(3)	General	5,000 00
05/11/2009	Church Association of Epworth Assembly	N/A	501(c)(3)	General	1,000 00
05/05/2009	Civic Orchestra of Chicago	N/A	501(c)(3)	General	12,600 00
01/21/2009	DanceWorks Chicago	N/A	501(c)(3)	General	1,000 00
09/14/2009	Elmhurst Art Museum	N/A	501(c)(3)	General	500 00
10/15/2009	Harris Theater	N/A	501(c)(3)	General	500 00
11/03/2009	Hester Award	N/A	501(c)(3)	General	500 00
05/14/2009	Hubbard St Dance Chicago	N/A	501(c)(3)	General	5,000 00
09/09/2009	Hyde Park Alliance for Arts & Culture	N/A	501(c)(3)	General	500 00
11/09/2009	Illinois Saint Andrew Society	N/A	501(c)(3)	General	2,050 00
04/09/2009	Kartemquin Films	N/A	501(c)(3)	General	2,000 00
05/12/2009	MCYM	N/A	501(c)(3)	General	100 00
07/20/2009	Memonal Medical Center Foundation	N/A	501(c)(3)	General	250 00
06/01/2009	Monterey Museum of Art	N/A	501(c)(3)	General	1,000 00
04/20/2009	Monterey Symphony	N/A	501(c)(3)	General	100 00
06/29/2009	Mothers Trust Foundation	N/A	501(c)(3)	General	300 00
01/27/2009	Museum of Contemporary Art	N/A	501(c)(3)	General	4,720 00
04/20/2009	Museum of Contemporary Art	N/A	501(c)(3)	General	10,000 00
09/09/2009	Museum of Contemporary Art	N/A	501(c)(3)	General	1,000 00
09/09/2009	National Strategy Forum	N/A	501(c)(3)	General	300 00
05/14/2009	Newberry Library	N/A	501(c)(3)	General	0 00
05/14/2009	Newberry Library	N/A	501(c)(3)	General	1,000 00
04/09/2009	Opportunity International	N/A	501(c)(3)	General	300,000 00
09/14/2009	Steppenwolf Theatre Company	N/A	501(c)(3)	General	5,000 00
04/21/2009	StreetWise	N/A	501(c)(3)	General	1,000 00
05/05/2009	The Art Institute of Chicago	N/A	501(c)(3)	General	23,000 00
06/04/2009	The Art Institute of Chicago	N/A	501(c)(3)	General	2,000 00
04/20/2009	The Chicago Council on Global Affairs	N/A	501(c)(3)	General	1,500 00
08/04/2009	The Goodman Theatre	N/A	501(c)(3)	General	5,000 00
02/09/2009	The Mabel Mercer Foundation	N/A	501(c)(3)	General	100 00
05/14/2009	The Night Ministry	N/A	501(c)(3)	General	500 00
10/13/2009	The Society for Contemporary Art	N/A	501(c)(3)	General	950 00
04/06/2009	Trustees of Phillips Academy	N/A	501(c)(3)	General	2,000 00
05/19/2009	WDCB Public Radio	N/A	501(c)(3)	General	500 00
10/06/2009	Yale Alumni Fund	N/A	501(c)(3)	General	5,000 00
Total Grants					<u>414,570 00</u>
TOTAL					<u><u>414,570.00</u></u>