



See a Social Security Number? Say Something!  
Report Privacy Problems to <https://public.resource.org/privacy>  
Or call the IRS Identity Theft Hotline at 1-800-908-4490



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

**2009**

Department of the Treasury  
Internal Revenue Service

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

**For calendar year 2009, or tax year beginning** \_\_\_\_\_, **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 <b>SCHUG FOUNDATION c/o PEGGY COBB SCHUG</b>	<b>A</b> Employer identification number <b>56-6583795</b>
	Number and street (or P O box number if mail is not delivered to street address) Room/suite <b>7013 ERIN COURT</b>	<b>B</b> Telephone number (see the instructions) <b>(704) 552-0474</b>
	City or town State ZIP code <b>CHARLOTTE NC 28210-4906</b>	<b>C</b> If exemption application is pending, check here <input type="checkbox"/> <b>D 1</b> Foreign organizations, check here <input type="checkbox"/> <b>2</b> Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
<b>H</b> Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		<b>E</b> If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> <b>F</b> If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
<b>I</b> Fair market value of all assets at end of year (from Part II, column (c), line 16) ▶ \$ <b>1,271,045.</b>	<b>J</b> Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis)	

<b>Part I Analysis of Revenue and Expenses</b> (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)
<b>1</b> Contributions, gifts, grants, etc. received (att sch)	321,321.			
<b>2</b> Ck ▶ <input type="checkbox"/> if the foundn is not req to att Sch B				
<b>3</b> Interest on savings and temporary cash investments				
<b>4</b> Dividends and interest from securities	31,246.			
<b>5a</b> Gross rents				
<b>b</b> Net rental income or (loss)				
<b>6a</b> Net gain/(loss) from sale of assets not on line 10				
<b>b</b> Gross sales price for all assets on line 6a				
<b>7</b> Capital gain net income (from Part IV, line 2)		296,855.		
<b>8</b> Net short-term capital gain				
<b>9</b> Income modifications				
<b>10a</b> Gross sales less returns and allowances				
<b>b</b> Less Cost of goods sold				
<b>c</b> Gross profit/(loss) (att sch)				
<b>11</b> Other income (attach schedule)				
<b>12 Total.</b> Add lines 1 through 11	352,567.	296,855.		
<b>13</b> Compensation of officers, directors, trustees, etc				
<b>14</b> Other employee salaries and wages				
<b>15</b> Pension plans, employee benefits				
<b>16a</b> Legal fees (attach schedule)				
<b>b</b> Accounting fees (attach sch)				
<b>c</b> Other prof fees (attach sch) L-16c Stmt	15,801.	6,876.		
<b>17</b> Interest	53.	53.		
<b>18</b> Taxes (attach schedule)(see instr ) See Line 18 Stmt	247.	247.		
<b>19</b> Depreciation (attach sch) and depletion				
<b>20</b> Occupancy				
<b>21</b> Travel, conferences, and meetings				
<b>22</b> Printing and publications				
<b>23</b> Other expenses (attach schedule) See Line 23 Stmt	126.	31.		
<b>24 Total operating and administrative expenses.</b> Add lines 13 through 23	16,227.	7,207.		
<b>25</b> Contributions, gifts, grants paid	116,401.			
<b>26 Total expenses and disbursements.</b> Add lines 24 and 25	132,628.	7,207.		
<b>27 Subtract line 26 from line 12:</b>				
<b>a Excess of revenue over expenses and disbursements</b>	219,939.			
<b>b Net investment income</b> (if negative, enter -0-)		289,648.		
<b>c Adjusted net income</b> (if negative, enter -0-)				

SCANNED MAY 17 2010

RECEIVED

OPERATING AND ADMINISTRATIVE EXPENSES

RECEIVED  
MAY 04 2010  
OGDEN, UT  
IRS-OSC

59

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	1,636.	1,688.	1,688.
	2	Savings and temporary cash investments	59,128.	60,329.	60,329.
	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	461,121.	808,741.	808,741.
	c	Investments – corporate bonds (attach schedule) L-10c Stmt	271,656.	400,287.	400,287.
	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	<b>Total assets</b> (to be completed by all filers – see instructions. Also, see page 1, item I)	793,541.	1,271,045.	1,271,045.	
LIABILITIES	17	Accounts payable and accrued expenses	0.	0.	
	18	Grants payable			
	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	<b>Total liabilities</b> (add lines 17 through 22)	0.	0.	
NET ASSETS OR FUND BALANCES	<b>Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.</b> <input type="checkbox"/>				
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
	<b>Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.</b> <input checked="" type="checkbox"/>				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	793,541.	1,271,045.	
	30	<b>Total net assets or fund balances</b> (see the instructions)	793,541.	1,271,045.	
	31	<b>Total liabilities and net assets/fund balances</b> (see the instructions)	793,541.	1,271,045.	

**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	793,541.
2	Enter amount from Part I, line 27a	2	219,939.
3	Other increases not included in line 2 (itemize) <b>UNREALIZED APPRECIATION</b>	3	257,565.
4	Add lines 1, 2, and 3	4	1,271,045.
5	Decreases not included in line 2 (itemize)	5	
6	<b>Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30</b>	6	1,271,045.

**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 160 SH BANK OF AMERICA	P	06/26/01	02/18/09
b 735 SH CBS CORP	P	03/06/09	11/18/09
c 195 SH CITIGROUP	P	Various	02/18/09
d 7,700 SH COCA COLA	D	03/04/09	03/06/09
e See Columns (a) thru (d)			

(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 737.		4,855.	-4,118.
b 10,045.		2,473.	7,572.
c 553.		9,401.	-8,848.
d 297,765.		12,320.	285,445.
e See Columns (e) thru (h)		139,473.	16,804.

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			-4,118.
b			7,572.
c			-8,848.
d			285,445.
e See Columns (i) thru (l)	0.	0.	16,804.

2 Capital gain net income or (net capital loss)	$\left[ \begin{array}{l} \text{If gain, also enter in Part I, line 7} \\ \text{If (loss), enter -0- in Part I, line 7} \end{array} \right]$	2	296,855.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	$\left[ \begin{array}{l} \text{If gain, also enter in Part I, line 8, column (c) (see the instructions)} \\ \text{If (loss), enter -0- in Part I, line 8} \end{array} \right]$	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			
2007			
2006			
2005			
2004			

2 Total of line 1, column (d)	2	
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	
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	
5 Multiply line 4 by line 3	5	
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	
7 Add lines 5 and 6	7	
8 Enter qualifying distributions from Part XII, line 4	8	

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)**

<b>1 a</b> Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary - see instr.)	}		
<b>b</b> Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		<b>1</b>	5,793.
<b>c</b> All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
<b>2</b> Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		<b>2</b>	0.
<b>3</b> Add lines 1 and 2		<b>3</b>	5,793.
<b>4</b> Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		<b>4</b>	0.
<b>5 Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-		<b>5</b>	5,793.
<b>6 Credits/Payments</b>			
<b>a</b> 2009 estimated tax prmts and 2008 overpayment credited to 2009	<b>6 a</b>	3,349.	
<b>b</b> Exempt foreign organizations – tax withheld at source	<b>6 b</b>		
<b>c</b> Tax paid with application for extension of time to file (Form 8868)	<b>6 c</b>		
<b>d</b> Backup withholding erroneously withheld	<b>6 d</b>		
<b>7</b> Total credits and payments Add lines 6a through 6d		<b>7</b>	3,349.
<b>8</b> Enter any <b>penalty</b> for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached		<b>8</b>	
<b>9 Tax due</b> If the total of lines 5 and 8 is more than line 7, enter amount owed		<b>9</b>	2,444.
<b>10 Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		<b>10</b>	0.
<b>11</b> Enter the amount of line 10 to be Credited to 2010 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		<b>11</b>	

**Part VII-A Statements Regarding Activities**

	Yes	No
<b>1 a</b> 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>b</b> Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>		X
<b>c</b> Did the foundation file <b>Form 1120-POL</b> for this year?		X
<b>d</b> Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation ▶ \$ 0. (2) On foundation managers ▶ \$ 0.		
<b>e</b> Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ \$ 0.		
<b>2</b> Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities</i>		X
<b>3</b> Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
<b>4 a</b> Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
<b>b</b> If 'Yes,' has it filed a tax return on <b>Form 990-T</b> for this year?		
<b>5</b> Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		X
<b>6</b> 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
<b>7</b> Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
<b>8 a</b> Enter the states to which the foundation reports or with which it is registered (see the instructions) NC – North Carolina		
<b>b</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? <i>If 'No,' attach explanation</i>	X	
<b>9</b> 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)? <i>If 'Yes,' complete Part XIV</i>		X
<b>10</b> Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses.</i>		X

BAA

Form 990-PF (2009)

**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? Website address	13	X	
Telephone no ▶ <u>N/A</u> The books are in care of ▶ <u>PHILLIPS BRAGG</u> Telephone no ▶ <u>(704) 377-0261</u> Located at ▶ <u>1031 S. CALDWELL ST., STE. 200 CHARLOTTE, NC</u> ZIP + 4 ▶ <u>28203</u>				
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
1 a	During the year did the foundation (either directly or indirectly).		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see the instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1 b	
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?	1 c	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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years ▶ 20__ , 20__ , 20__ , 20__		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement - see the instructions)	2 b	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. ▶ 20__ , 20__ , 20__ , 20__		
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If 'Yes,' did it have excess business holdings in 2009 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009)	3 b	
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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?	4 b	X

BAA

**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)?  Yes  No

Organizations relying on a current notice regarding disaster assistance check here

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

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

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

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

If 'Yes' to 6b, file Form 8870

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

**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?  Yes  No

**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
JOHN B. SCHUG 7013 ERIN COURT CHARLOTTE NC 28210	TRUSTEE	0.	0.	0.
PEGGY C. SCHUG 7013 ERIN COURT CHARLOTTE NC 28210	TRUSTEE	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
NONE				
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
NONE		
-----		
-----		
-----		
-----		

**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 -----	
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 -----	
2 -----	
All other program-related investments See instructions 3 -----	

**Total.** Add lines 1 through 3 ▶

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes		
a Average monthly fair market value of securities	1a	1,077,439.
b Average of monthly cash balances	1b	30,842.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	1,108,281.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	
3 Subtract line 2 from line 1d	3	1,108,281.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	16,624.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,091,657.
6 Minimum investment return. Enter 5% of line 5	6	54,583.

**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	54,583.
2a Tax on investment income for 2009 from Part VI, line 5	2a	5,793.
b Income tax for 2009 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	5,793.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	48,790.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	48,790.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	48,790.

**Part XII Qualifying Distributions** (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc, purposes		
a Expenses, contributions, gifts, etc – total from Part I, column (d), line 26	1a	116,401.
b Program-related investments – total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	116,401.
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	0.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	116,401.

**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				48,790.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0.	
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2009				
a From 2004	41,520.			
b From 2005	51,543.			
c From 2006	74,275.			
d From 2007	80,853.			
e From 2008	83,682.			
f Total of lines 3a through e	331,873.			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 116,401.				
a Applied to 2008, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions)				
c Treated as distributions out of corpus (Election required – see instructions)				
d Applied to 2009 distributable amount				48,790.
e Remaining amount distributed out of corpus	67,611.			
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	399,484.			
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				
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				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see instructions)	41,520.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	357,964.			
10 Analysis of line 9.				
a Excess from 2005	51,543.			
b Excess from 2006	74,275.			
c Excess from 2007	80,853.			
d Excess from 2008	83,682.			
e Excess from 2009	67,611.			

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

N/A

**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)

**2 a** Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

	Tax year				(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
<b>b</b> 85% of line 2a					
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed					
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities					
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
<b>3</b> Complete 3a, b, or c for the alternative test relied upon:					
<b>a</b> 'Assets' alternative test – enter					
<b>(1)</b> Value of all assets					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)					
<b>b</b> 'Endowment' alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
<b>c</b> 'Support' alternative test – enter.					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
<b>(3)</b> Largest amount of support from an exempt organization					
<b>(4)</b> 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) )

PEGGY SCHUG

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

NONE

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

Check here  if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc, (see 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

PHILLIPS M. BRAGG  
1031 S. CALDWELL ST., STE. 200  
CHARLOTTE NC 28203 (704) 377-0261

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

THE SCHUG FOUNDATION SCHOLARSHIP APPLICATION

**c** Any submission deadlines

APPLICATION DEADLINE FOR NEW APPLICANTS IS APRIL 30 OF EACH YEAR.

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

SCHOLARSHIPS AWARDED TO N.C. RESIDENTS AND TO THE EXTENT FEASIBLE, PREFERENCE FOR SCHOLARSHIPS GIVEN TO RESIDENTS OF MECKLENBURG, HAYWOOD &

Jackson Counties

**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 Paid during the year</i>				
RASHEENA CANTY 6632 FARMINGDALE DRIVE CHARLOTTE NC 28212	NONE	GOOD	UNC WILMINGTON TUITION	1,500.
GRACIA WALU SHEMBO 8019 CLIFFSIDE DRIVE CHARLOTTE NC 28271	NONE	GOOD	UNC GREENSBORO TUITION	1,000.
RANDOLPH WORSLEY II 3019 WALSINGHAM COURT MATTHEWS NC 28105	NONE	GOOD	WINSTON SALEM STATE UNIV TUITION	3,000.
TAMIKA DAWKINS 7320 ROSE TERRACE COURT CHARLOTTE NC 28215	NONE	GOOD	WINSTON SALEM STATE UNIV TUITION	3,000.
BRIANNA HINES 5408 NIGHTSHADE OAKS DRIVE CHARLOTTE NC 28227	NONE	GOOD	WINSTON SALEM STATE UNIV TUITION	3,350.
DANIEL ZEREGABER 7228 MARLBROOK DRIVE CHARLOTTE NC 28212	NONE	GOOD	WINDSTON SALEM STATE UNIV TUITION	1,500.
WILLIAM GOSSETT 91 MAGNOLIA STREET SYLVA NC 28779	NONE	GOOD	WESTERN CAROLINA UNIV TUITION	1,500.
GINI JONES P.O. BOX 1295 LAKE JUNALUSKA NC 28745	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	1,500.
JORDAN PARTON 170 LEATHERWOOD ROAD WAYNESVILLE NC 28786	NONE	GOOD	WESTERN CAROLINA UNIV TUITION	4,500.
See Line 3a statement				95,551.
<b>Total</b>				<b>116,401.</b>
<i>b Approved for future payment</i>				
<b>Total</b>				<b>3b</b>





**Schedule B**  
**(Form 990, 990-EZ,**  
**or 990-PF)**

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

▶ **Attach to Form 990, 990-EZ, or 990-PF**

OMB No 1545-0047

**2009**

Name of the organization

SCHUG FOUNDATION c/o PEGGY COBB SCHUG

Employer identification number

56-6583795

**Organization type** (check one):

**Filers of:**

Form 990 or 990-EZ

**Section:**

- 501(c)(\_\_\_\_) (enter number) organization  
 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation  
 527 political organization

Form 990-PF

- 501(c)(3) exempt private foundation  
 4947(a)(1) nonexempt charitable trust treated as a private foundation  
 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule –**

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

**Special Rules –**

- For a section 501(c)(3) organization filing Form 990 or 990-EZ, that met the 33-1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ, that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ, that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc, purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc, purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc, contributions of \$5,000 or more during the year. ▶ \$ \_\_\_\_\_

**Caution:** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF) but it **must** answer 'No' on Part IV, line 2 of their Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

**BAA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.**

**Schedule B** (Form 990, 990-EZ, or 990-PF) (2009)

Name of organization

Employer identification number

SCHUG FOUNDATION c/o PEGGY COBB SCHUG

56-6583795

**Part I** Contributors (see instructions)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	PEGGY SCHUG ----- 7013 ERIN COURT ----- CHARLOTTE NC 28210 -----	\$ 321,321.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

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
FOREIGN TAXES WITHHELD	247.	247.		
Total	247.	247.		

Form 990-PF, Page 1, Part I, Line 23

**Line 23 Stmt**

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
BANK CHARGES	20.			
INVESTMENT EXPENSES	31.	31.		
MISCELLANEOUS EXPENSE	75.			
Total	126.	31.		

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income

**Columns (a) thru (d)**

(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)
455 SH DOW CHEM	P	03/06/09	07/14/09
445 SH DOW CHEM	P	03/06/09	11/18/09
331.887 SH EUROPACIFIC GROWTH	P	12/03/03	11/18/09
415.237 HARBOR INTERNATIONAL	P	Various	Various
200 INGERSOLL RAND	P	10/11/04	11/18/09
1,129.944 SH QUEENS ROAD SMALL CAP VALUE	P	02/13/09	07/14/09
2,794 SH ROYCE TOTAL RETURN	P	Various	02/10/09
340 SH SAFEWAY	P	10/14/08	11/18/09
145 SH UNITED TECHNOLOGIES	P	Various	11/18/09
465 UNITED HEALTH GROUP	P	03/06/09	11/18/09
2,641.879 VANGUARD TOTAL BOND MKT	P	Various	07/14/09
100 SPDR TR GOLD SHS	P	Various	Various

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income

**Columns (e) thru (h)**

(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)
6,988.		2,989.	3,999.
12,788.		2,923.	9,865.
12,991.		9,694.	3,297.
19,982.		17,603.	2,379.
7,332.		6,929.	403.
15,948.		13,672.	2,276.
22,156.		32,323.	-10,167.
7,739.		7,881.	-142.
9,921.		10,384.	-463.
13,410.		7,990.	5,420.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income  
**Columns (e) thru (h)**

Continued

(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)
26,991.		27,085.	-94.
31.		0.	31.
Total		139,473.	16,804.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income  
**Columns (i) thru (l)**

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	(l) Gains (column (h) gain minus column (k), but not less than -0-) or losses (from column (h))
			3,999.
			9,865.
			3,297.
0.	0.	0.	2,379.
			403.
			2,276.
			-10,167.
			-142.
			-463.
			5,420.
			-94.
0.	0.	0.	31.
Total		0.	16,804.

Form 990-PF, Page 11, Part XV, line 3a  
**Line 3a statement**

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	Person or Business Checkbox	Amount
<b>a</b> Paid during the year PAIGE TILLEY 1668 HYATT CREEK ROAD WAYNESVILLE NC 28786	NONE	GOOD	APPALACHIAN STATE UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/>	1,000.
NIKIDA BRYANT 15236 DE HAVILLAND DRIVE CHARLOTTE NC 27278	NONE	GOOD	WINSTON SALEM STATE UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/>	1,500.
MATTHEW GOLDEN 44 SKYVIEW DRIVE WAYNESVILLE NC 28786	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/>	1,500.

Form 990-PF, Page 11, Part XV, line 3a

Continued

**Line 3a statement**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foun- dation status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				
PATRICK MCDONALD 146 WINDMERE TRACE WAYNESVILLE NC 28785	NONE	GOOD	APPALACHIAN STATE TUITION	Person or <input checked="" type="checkbox"/> Business 1,000.
JOHN HEYWARD SMITH 128 PLOTT MTN. RPAD WAYNESVILLE NC 28786	NONE	GOOD	UNC CHAPEL HILL TUITION	Person or <input checked="" type="checkbox"/> Business 1,500.
JACOB HAMPTON 143 RAINBOW STREET WAYNESVILLE NC 28786	NONE	GOOD	UNC CHAPEL HILL TUITION	Person or <input checked="" type="checkbox"/> Business 1,250.
JONATHAN PATTON 936 GLENFIDDICH DRIVE CHARLOTTE NC 28215	NONE	GOOD	NC CENTRAL UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business 1,500.
DANGA LOMBADU 6725 REDDMAN ROAD CHARLOTTE NC 28212	NONE	GOOD	BARTON COLLEGE TUITION	Person or <input checked="" type="checkbox"/> Business 1,500.
KRISTEN COOPER 190 ACORN LANE CLYDE NC 28721	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business 3,000.
BENJAMIN LUPTON 75 CHESTNUT GROVE LANE CLYDE NC 28721	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business 1,500.
BRANNON JONES 209 GRANDIN ROAD CHARLOTTE NC 28208	NONE	GOOD	NC A&T STATE UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business 2,000.
CHRISTINE EDWARDS 1223 JOANNAS COURT CHARLOTTE NC 28214	NONE	GOOD	UNC GRENSBORO TUITION	Person or <input checked="" type="checkbox"/> Business 4,500.
JAMES ROGERS 120 HORIZON TRAIL CLYDE NC 28721	NONE	GOOD	NC STATE UNIV. BOOKS	Person or <input checked="" type="checkbox"/> Business 675.
ANGELINA PRATT 618 EAST STREET WAYNESVILLE NC 28786	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business 2,000.
AMY SHUFORD 434 FARLEY STREET WAYNESVILLE NC 28786	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business 3,000.
ANNA ROSE SMITH 14 CASUAL LANE WAYNESVILLE NC 28786	NONE	GOOD	UNC WILMINGTON TUITION	Person or <input checked="" type="checkbox"/> Business 3,000.
BREANNI GILL 5824 REDDMAN RD., APT. B6 CHARLOTTE NC 28212	NONE	GOOD	UNC PEMBROKE TUITION	Person or <input checked="" type="checkbox"/> Business 1,089.
DANIEL OGBAMICHAEL 4711 MORTONHALL ROAD CHARLOTTE NC 28215	NONE	GOOD	EAST CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business 1,500.

Form 990-PF, Page 11, Part XV, line 3a

Continued

## Line 3a statement

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				
DESIRAE' DILLON 1515 HARLAND STREET CHARLOTTE NC 28216	NONE	GOOD	APPALACHIAN STATE BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,870.
DION HARRIS 2201 ARTWOOD LANE CHARLOTTE NC 28217	NONE	GOOD	NORTH CAROLINA A&T TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 4,500.
ELIZA MARTH 347 BALSAM DRIVE WAYNESVILLE NC 28786	NONE	GOOD	NC STATE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,500.
HEATHER DAVIS 14 FIELDCREST DRIVE CANDLER NC 28715	NONE	GOOD	MARS HILL COLLEGE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 109.
HUGO CALDERON 2556 NICKELRIDGE CT. CHARLOTTE NC 28273	NONE	GOOD	UNC CHARLOTTE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,769.
JAVARIO FUNDERBURK 3525 CITISIDE DRIVE, APT. 202 CHARLOTTE NC 28215	NONE	GOOD	WINSTON SALEM STATE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,500.
JESSICA HAMPTON 143 RAINBOW STREET WAYNESVILLE NC 28786	NONE	GOOD	NC STATE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,500.
JESSICA SALAS 1616 ALLEN STREET CHARLOTTE NC 28205	NONE	GOOD	UNC CHAPEL HILL TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,000.
JOSEPH GRIER 5313 WINTERHAVEN DRIVE CHARLOTTE NC 28212	NONE	GOOD	UNC CHARLOTTE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 4,500.
KELLY WOLFE 160 TURKEY HOLLOW COURT WAYNESVILLE NC 28785	NONE	GOOD	UNC CHAPEL HILL TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
MICHELLE PERRY 3601 GUSTAR COURT CHARLOTTE NC 28212	NONE	GOOD	WINSTON SALEM STATE UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,580.
STENNET SMITH, JR. 7831 OLD NORTH COURT CHARLOTTE NC 28270	NONE	GOOD	NORTH CAROLINA A&T UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
AMANDA HYATT 230 BLANTON DRIVE WAYNESVILLE NC 28786	NONE	GOOD	EAST TN STATE UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,800.
CASSIE LEDFORD 77 JOURNEYS WAY WAYNESVILLE NC 28785	NONE	GOOD	APPALACHIAN STATE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,000.
CATRYN PAINTER 2614 SOCO ROAD MAGGIE VALLEY NC 28751	NONE	GOOD	NC STATE UNIVERSITY TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,000.

Form 990-PF, Page 11, Part XV, line 3a  
**Line 3a statement**

Continued

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foun- dation status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				
COURTNEY WADE 46 FERGUSON COVE LOOP CLYDE NC 28721	NONE	GOOD	NC STATE UNIVERSITY TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,300.
ELIZABETH JONES P.O. BOX 1295 LAKE JUNALUSKA NC 28745	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,050.
ERIN DANIELS 532 WOODLAWN CIRCLE CLYDE NC 28721	NONE	GOOD	UNC PEMBROKE TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,800.
GRACE WILLIAMSON 71 WORSHAM DRIVE WAYNESVILLE NC 28786	NONE	GOOD	NC STATE UNIVERSITY TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,773.
JAMARIO SINCLAIR 6711 REDDMAN ROAD CHARLOTTE NC 28212	NONE	GOOD	LIBERTY UNIV. LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 697.
JEFFREY COLEMAN 375 GLENWOOD DRIVE CLYDE NC 28721	NONE	GOOD	EAST CAROLINA UNIV. LAPTOP & BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,942.
KRISTEN ARRINGTON 156 SUTTON LOOP WAYNESVILLE NC 28786	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,300.
LINDSEY SCHEPPEGRELL 13622 DARBY CHASE DRIVE CHARLOTTE NC 28277	NONE	GOOD	EAST CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,000.
LYNZIE SMITH 535 WALNUT TRAIL WAYNESVILLE NC 28785	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION & BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,800.
MORGAN GARDNER 302 WHITE MOUNTAIN ROAD WAYNESVILLE NC 28785	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION & BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,300.
NATHAN HAMPTON 143 RAINBOW STREET WAYNESVILLE NC 28786	NONE	GOOD	NC STATE UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
TYLAR SMITH 120 OUR LOOP WAYNESVILLE NC 28786	NONE	GOOD	EAST TN STATE UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,800.
WHITLEY ALBURY 214 HAZELWOOD AVENUE WAYNESVILLE NC 28786	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
TA'LEENA ASHLEY 2446 ARTY AVENUE CHARLOTTE NC 28208	NONE	GOOD	NC CENTRAL UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 147.

Total

95,551.

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
BRAGG FINANCIAL ADVI	INVESTMENT ADVISORY FE	6,876.	6,876.		
BRAGG FINANCIAL ADVI	ADMINISTRATION FEES	8,925.			
Total		<u>15,801.</u>	<u>6,876.</u>		

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
SEE SCHEDULE	808,741.	808,741.
Total	<u>808,741.</u>	<u>808,741.</u>

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
SEE SCHEDULE	400,287.	400,287.
Total	<u>400,287.</u>	<u>400,287.</u>

**Supporting Statement of:**

Form 990-PF, p1/Line 1(a)

<b>Description</b>	<b>Amount</b>
7,700 SHARES OF COCA COLA STOCK	321,321.
Total	<u>321,321.</u>

EO Corp. Stock  
#808,741.01

**Portfolio Summary**  
As of 12/31/2009

Schug Foundation Foundation Account Acct #. 5QR001239  
7013 Erin Court  
Charlotte, NC 28210-4906

Description	Symbol	Quantity	Trade Date	Current Value	Cost Basis	Unrealized G/L	% G/L	Maturity Date
<b>US Large Cap</b>								
<b>TECHNOLOGY</b>								
Automatic Data Processin	ADP	165	10/14/2008	7,065.30	5,896	1,169	20%	
Cisco Systems Inc	CSCO	390	11/01/2006	9,336.60	9,512	(175)	-2%	
Dell Inc.	DELL	205	06/26/2001	2,943.80	4,932	(1,988)	-40%	
EMC Corp	EMC	690	03/06/2009	12,054.30	6,758	5,297	78%	
Hewlett-Packard Ca	HPQ	235	10/17/2005	12,104.85	6,461	5,644	87%	
IBM	IBM	115	09/07/2007	15,053.50	13,365	1,688	13%	
Intel Corp	INTC	585	12/19/2001	11,934.00	12,423	(489)	-4%	
Microsoft Corp	MSFT	300	10/31/2001	9,147.00	8,437	710	8%	
Oracle Corp	ORCL	270	12/03/2003	6,625.80	3,548	3,078	87%	
<b>FINANCIAL</b>								
American Express	AXP	190	10/14/2008	7,698.80	5,555	2,144	39%	
Ameriprise Financial	AMP	68	07/31/2008	2,639.76	2,914	(274)	-9%	
Chubb Corp	CB	205	03/06/2009	10,081.90	7,238	2,844	39%	
Price T Rowe Group Inc	TROW	140	11/24/2004	7,455.00	4,163	3,292	79%	
Progressive Corp Of	743315103	660	03/06/2009	11,873.40	6,821	5,053	74%	
Raymond James Finl	RJF	235	11/01/2006	5,585.95	7,467	(1,881)	-25%	
US Bancorp Del	USB	175	10/14/2008	3,939.25	5,572	(1,632)	-29%	
Wells Fargo & Co	WFC	320	12/03/2003	8,636.80	9,116	(479)	-5%	
<b>HEALTH CARE</b>								
Abbott Laboratories	ABT	170	10/11/2004	9,178.30	7,019	2,159	31%	
Amgen Inc	AMGN	120	10/14/2008	6,788.40	6,391	398	6%	
Becton Dickinson &	BDX	200	12/03/2003	15,772.00	8,109	7,664	95%	
Bristol-Myers Squibb	BMJ	465	03/06/2009	11,741.25	8,410	3,331	40%	
C. R. Bard, Inc.	BCR	105	03/06/2009	8,179.50	7,687	493	6%	
Johnson & Johnson	JNJ	174	08/07/2001	11,207.34	9,018	2,190	24%	
Medtronic Inc	MDT	125	11/01/2006	5,497.50	6,081	(584)	-10%	
Merck & Co Inc	MRK	85	06/26/2001	3,105.90	5,431	(2,325)	-43%	
Pfizer Inc	PFE	265	06/26/2001	4,820.35	10,330	(5,510)	-53%	
<b>CONS STAPLES</b>								
Brown Forman Class B	BF B	100	10/17/2005	5,357.00	4,672	685	15%	
Clorox Co	CLX	200	03/06/2009	12,200.00	9,282	2,918	31%	
Colgate-Palmolive Co	CL	75	12/03/2003	6,161.25	4,011	2,151	54%	
Procter & Gamble Co	PG	160	12/03/2003	9,700.80	7,782	1,919	25%	
Sysco Corp	SYI	115	11/01/2006	3,213.10	4,058	(845)	-21%	
Wal Mart Stores Inc	WMT	245	06/26/2001	13,095.25	12,402	693	6%	
Walgreen Stores	WAG	240	09/07/2007	8,812.80	10,721	(1,909)	-18%	
<b>CONS CYCLICALS</b>								
CBS Corp	CBS	880	03/06/2009	12,364.00	2,961	9,403	318%	
Citadel Broadcasting Cor	CTDBQ	9	12/03/2003	0.14	35	(35)	-100%	
Home Depot Inc	HD	240	06/26/2001	6,943.20	9,894	(2,951)	-30%	
McDonald's Corp	MCD	215	12/03/2003	13,424.60	5,729	7,695	134%	
News Corp Ltd Spns	NWSA	500	02/01/2006	6,845.00	7,860	(1,015)	-13%	
Target Corp	TGT	155	09/07/2007	7,497.35	9,590	(2,093)	-22%	

## Portfolio Summary

As of 12/31/2009

Schug Foundation    Foundation Account    Acct #: 5QR001239

Description	Symbol	Quantity	Trade Date	Current Value	Cost Basis	Unrealized G/L	% G/L	Maturity Date
<b>US Large Cap</b>								
<b>CAPITAL GOODS</b>								
Danaher Corp	DHR	80	03/03/2008	6,016.00	5,930	86	1%	
Fedex Corp Com	FDX	70	12/03/2003	5,841.50	5,204	638	12%	
General Electric Co	GE	170	12/03/2003	2,572.10	5,039	(2,467)	-49%	
Grainger Ww Inc	GWV	120	03/06/2009	11,619.60	7,363	4,257	58%	
Minnesota Mining & United Technologies	MMM	120	04/04/2002	9,920.40	8,105	1,816	22%	
UTX	UTX	185	03/06/2009	12,840.85	7,045	5,796	82%	
<b>COMMUNICATIONS</b>								
AT&T Inc	T	411	06/26/2001	11,520.33	11,155	365	3%	
Verizon	VZ	255	03/06/2009	8,448.15	6,882	1,566	23%	
<b>ENERGY</b>								
Apache Corp	APA	165	03/06/2009	17,023.05	8,950	8,073	90%	
Bj Svcs Co Com	BJS	945	03/06/2009	17,577.00	8,547	9,030	106%	
Chevrontexaco Corp	CVX	136	12/03/2003	10,470.64	5,243	5,227	100%	
Conocophillips	COP	160	11/01/2006	8,171.20	11,885	(3,714)	-31%	
Exxon Mobil Corp	XOM	170	06/26/2001	11,592.30	6,411	5,181	81%	
Valero Energy	VLO	145	11/12/2007	2,428.75	9,298	(6,870)	-74%	
<b>UTILITIES</b>								
Dominion Res Inc Va	D	150	09/07/2007	5,838.00	6,381	(543)	-9%	
Exelon Corp Com	EXC	185	12/03/2003	9,040.95	7,392	1,649	22%	
Firstenergy Corp	FE	60	11/01/2006	2,787.00	3,563	(776)	-22%	
Southern Co	SO	335	12/03/2003	11,162.20	9,669	1,493	15%	
<b>BASIC MATERIALS</b>								
Air Products & Chems	APD	145	12/03/2003	11,753.70	7,192	4,561	63%	
Dow Chem Co	DOW	350	03/06/2009	9,670.50	2,299	7,372	321%	
Ishare Gold Fund	GLD	100	03/06/2009	10,731.00	9,245	1,486	16%	
<b>REIT</b>								
Kimco Realty Corp	KIM	180	11/24/2004	2,435.40	5,032	(2,596)	-52%	
Vornado Rlty Tr	VNO	72	11/24/2004	5,035.68	5,174	(138)	-3%	
				530,577.34	440,655	89,923	20%	
<b>US Mid Cap</b>								
<b>GROWTH MUTUAL FUND</b>								
T R Price Mid Cap Growt	RPMGX	326.039	08/07/2001	15,483.59	12,521	2,963	24%	
Vanguard Mid-Cap Gr E	VOT	75	03/03/2008	3,636.75	4,388	(752)	-17%	
<b>VALUE MUTUAL FUND</b>								
Ishares S & P 400 Value	IJJ	160	11/01/2006	10,550.40	12,968	(2,417)	-19%	
T R Price Mid Cap Value	TRMCX	1,056.603	05/12/2003	21,892.81	18,718	3,174	17%	
				51,563.55	48,595	2,968	6%	
<b>US Small Cap</b>								
<b>GROWTH MUTUAL FUND</b>								
Vanguard Explorer	VEXPX	161.206	12/03/2003	9,237.10	10,445	(1,208)	-12%	
Vanguard Small Cap Gro	VBK	125	09/07/2007	7,483.75	8,907	(1,423)	-16%	

## Portfolio Summary

As of 12/31/2009

Schug Foundation    Foundation Account    Acct #: 5QR001239

Description	Symbol	Quantity	Trade Date	Current Value	Cost Basis	Unrealized G/L	% G/L	Maturity Date
<b>US Small Cap</b>								
<b>VALUE MUTUAL FUND</b>								
Queens Road Small Val	QRSVX	5,046.178	02/13/2009	85,179.48	49,293	35,887	73%	
Royce Total Return	RYTRX	939.018	10/14/2008	10,150.78	9,005	1,146	13%	
				<u>112,051.11</u>	<u>77,649</u>	<u>34,402</u>	<u>44%</u>	
<b>Foreign Equities</b>								
<b>GROWTH MUTUAL FUND</b>								
Europacific Growth F	AEGFX	617.933	12/03/2003	23,574.14	24,470	(896)	-4%	
Europacific Growth F-2	AEPFX	551.422	03/06/2009	21,124.98	12,609	8,516	68%	
<b>VALUE MUTUAL FUND</b>								
Harbor Intl	HAINX	1,273.007	03/09/2007	69,849.89	59,534	10,316	17%	
				<u>114,549.01</u>	<u>96,612</u>	<u>17,937</u>	<u>19%</u>	
<b>Taxable Fixed Incm</b>								
<b>AGENCY</b>								
Vanguard GNMA	VFIIX	3,305.005	03/06/2009	35,165.25	35,009	156	0%	
<b>Inflation Protected Secutities</b>								
Vanguard Inflation Protec	VIPSX	5,379.599	12/05/2003	67,513.97	65,023	2,491	4%	
<b>Vanguard Total Bond Market</b>								
Vanguard Tot Bond Mkt	VBMFX	541.387	12/05/2003	5,603.36	5,590	13	0%	
<b>US TREASURY/AGENCY</b>								
Vanguard Interm Govt	VFITX	2,452.463	08/07/2001	27,197.81	27,019	179	1%	
Vanguard ST Govt	VSGBX	5,417.902	11/01/2006	58,134.09	56,029	2,105	4%	
<b>HIGH GRADE CORPORATE BOND</b>								
Ishares Tr Lehman 1-3 Yr	CSJ	220	11/18/2009	22,871.20	22,987	(116)	-1%	
Vanguard Interm-Trm Co	VFICX	7,266.828	12/05/2003	69,906.89	70,023	(116)	0%	
Vanguard ST Corp	VFSTX	7,456.556	12/05/2003	78,964.93	76,882	2,083	3%	
<b>HIGH YIELD BOND</b>								
Vanguard Fixed Inc High	VWEHX	6,385.644	11/01/2006	34,929.47	39,020	(4,091)	-10%	
				<u>400,286.97</u>	<u>397,580</u>	<u>2,707</u>	<u>1%</u>	
<b>Cash Equivalents</b>								
<b>MONEY MARKET</b>								
CASH	CASH			2,218.19	2,218			
Federated Cap Reserves	FCR			62,610.78	62,611			
				<u>1,273,856.95</u>	<u>1,125,921</u>	<u>147,936</u>	<u>13%</u>	
				<u>64,828.97</u>				
				<u>(4,500.00)</u>				
				<u>60,328.97</u>				
Cash balance @ 12/31/09				<u>60,328.97</u>				

The above information is based on sources believed to be correct. However, it is not to be considered an official statement of your account. We suggest that you compare this report to the account statements and the order confirmations sent to you directly from Pershing, LLC.