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Form **990-PF**

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

OMB No 1545-0052

2009Department of the Treasury
Internal Revenue Service (77)

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 , 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 The William H and Margaret M Wallace Foundation		A Employer identification number 81-0504215
	Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions) (406) 523-2516
	c/o Greg Hanson P O Box 7909		C If exemption application is pending, check here ☐ D 1 Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐ E If private foundation status was terminated under section 507(b)(1)(A), check here ☐ F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐
	City or town, state, and ZIP code Missoula MT 59807		
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation			
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 6,560,954		J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis)	

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue				
1 Contributions, gifts, grants, etc., received (attach schedule)				
2 Check ☐ if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	29,190	29,190		
4 Dividends and interest from securities	141,606	141,606		
5 a Gross rents		0		
b Net rental income or (loss)	0			
6 a Net gain or (loss) from sale of assets not on line 10	0			
b Gross sales price for all assets on line 6a	0			
7 Capital gain net income (from Part IV, line 2)		0		
8 Net short-term capital gain			0	
9 Income modifications				
10 a Gross sales less returns and allowances	0			
b Less Cost of goods sold	0			
c Gross profit or (loss) (attach schedule)	0			
11 Other income (attach schedule)	0	0	0	
12 Total. Add lines 1 through 11	170,796	170,796	0	
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc.	0			
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16 a Legal fees (attach schedule)	5,899	5,899	0	0
b Accounting fees (attach schedule)	7,500	7,500	0	0
c Other professional fees (attach schedule)	6,876	6,876	0	0
17 Interest				
18 Taxes (attach schedule) (see page 14 of the instructions)	7,500	7,500	0	0
19 Depreciation (attach schedule) and depletion	0	0	0	
20 Occupancy				
21 Travel, conferences, and meetings	103	103		
22 Printing and publications				
23 Other expenses (attach schedule)	0	0	0	0
24 Total operating and administrative expenses. Add lines 13 through 23	27,878	27,878	0	0
25 Contributions, gifts, grants paid	288,500			288,500
26 Total expenses and disbursements. Add lines 24 and 25	316,378	27,878	0	288,500
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-145,582			
b Net investment income (if negative, enter -0-)		142,918		
c Adjusted net income (if negative, enter -0-)			0	

For Privacy Act and Paperwork Reduction Act Notice, see page 30 of the instructions.

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(HTA)

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	14,879	5,376	5,376
	2 Savings and temporary cash investments	1,642,777	1,371,968	1,371,968
	3 Accounts receivable ▶ 0			
	Less allowance for doubtful accounts ▶ 0	0	0	0
	4 Pledges receivable ▶ 0			
	Less allowance for doubtful accounts ▶ 0	0	0	0
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)	0	0	0
	7 Other notes and loans receivable (attach schedule) ▶ 0			
	Less allowance for doubtful accounts ▶ 0	0	0	0
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U S and state government obligations (attach schedule)	0	0	0
	b Investments—corporate stock (attach schedule)	4,229,706	4,364,436	5,183,610
	c Investments—corporate bonds (attach schedule)	0	0	0
Liabilities	11 Investments—land, buildings, and equipment basis ▶ 0			
	Less accumulated depreciation (attach schedule) ▶ 0	0	0	0
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	0	0	0
	14 Land, buildings, and equipment basis ▶ 0			
	Less accumulated depreciation (attach schedule) ▶ 0	0	0	0
	15 Other assets (describe ▶)	0	0	0
	16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	5,887,362	5,741,780	6,560,954
	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons	0	0	
	21 Mortgages and other notes payable (attach schedule)	0	0	
	22 Other liabilities (describe ▶)	0	0	
	23 Total liabilities (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ ☐			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ ☒			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances (see page 17 of the instructions)	5,887,362	5,741,780	
	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	5,887,362	5,741,780	

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	5,887,362
2 Enter amount from Part I, line 27a	2	-145,582
3 Other increases not included in line 2 (itemize) ▶	3	0
4 Add lines 1, 2, and 3	4	5,741,780
5 Decreases not included in line 2 (itemize) ▶	5	0
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	5,741,780

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a Schedules Attached				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a	0	0	-59,156	
b	0	0	0	
c	0	0	0	
d	0	0	0	
e	0	0	0	
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
a	0	0	0	
b	0	0	0	
c	0	0	0	
d	0	0	0	
e	0	0	0	
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	-59,156
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6). If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8			3	0

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	355,680	6,622,342	0.053709
2007	308,511	7,431,583	0.041513
2006	298,097	7,223,879	0.041266
2005	96,258	1,909,010	0.050423
2004	50,000	1,830,422	0.027316
2 Total of line 1, column (d)			2 0.214227
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 0.042845
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5			4 6,474,809
5 Multiply line 4 by line 3			5 277,413
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 1,498
7 Add lines 5 and 6			7 278,911
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.			8 288,500

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of 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 instructions)		1	1,429
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b			
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0
3 Add lines 1 and 2		3	1,429
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	1,429
6 Credits/Payments			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a 17,160		
b Exempt foreign organizations—tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c 0		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	17,160	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	0	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	15,731	
11 Enter the amount of line 10 to be Credited to 2010 estimated tax 5,000 Refunded	11	10,731	

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 page 19 of 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 \$ 0 (2) On foundation managers \$ 0		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ 0		
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?	N/A	
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, col (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ Montana		
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 on page 27)? 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

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address ☐ _____				
14	The books are in care of ☐ <u>Greg L. Hanson</u> Telephone no ☐ <u>(406) 523-2516</u>			
	Located at ☐ <u>199 W. Pine Missoula MT</u> ZIP+4 ☐ <u>59802</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
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No		
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☒ No		
b If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ☐	1b	N/A
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 ☐ 20____, ☐ 20____, ☐ 20____, ☐ 20____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 20 of the instructions)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ☐ 20____, ☐ 20____, ☐ 20____, ☐ 20____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ 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	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?	4b	X

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions)

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No**b** If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)?**5b**

N/A

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**6b****b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If "Yes" to 6b, file Form 8870☐ Yes ☒ No**7b****7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors****1** List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Greg L. Hanson 199 W Pine Missoula MT 59802	Pres & Dir 10/mo	0	0	0
H. J. Hanson 17 Snowdrift Lane Philipsburg MT 59858	Sec & Dir 20/yr	0	0	0
Gary L. Graham 48 Brookside Missoula MT 59802	Director 20/yr	0	0	0
Carol A. Graham 48 Brookside Missoula MT 59802	Director 20/yr	0	0	0

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

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

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

▶

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services** (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		0
		0
		0
		0
		0
		0

Total number of others receiving over \$50,000 for professional services ▶ 0

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 NA	
2	
3	
4	

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

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

	Amount
1	
2	
All other program-related investments. See page 24 of the instructions	
3	0
Total. Add lines 1 through 3 ▶	0

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	5,053,609
b	Average of monthly cash balances	1b	1,519,801
c	Fair market value of all other assets (see page 24 of the instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	6,573,410
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	6,573,410
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	98,601
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	6,474,809
6	Minimum investment return. Enter 5% of line 5	6	323,740

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

1	Minimum investment return from Part X, line 6	1	323,740
2a	Tax on investment income for 2009 from Part VI, line 5	2a	1,429
b	Income tax for 2009 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	1,429
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	322,311
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	322,311
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	322,311

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

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	288,500
b	Program-related investments—total from Part IX-B	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
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	0
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	288,500
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	1,429
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	287,071

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

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

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				322,311
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____		0		
3 Excess distributions carryover, if any, to 2009				
a From 2004	0			
b From 2005	0			
c From 2006	0			
d From 2007	113,252			
e From 2008	0			
f Total of lines 3a through e	113,252			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 288,500				
a Applied to 2008, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)		0		
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)	0			
d Applied to 2009 distributable amount				288,500
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))	33,811			33,811
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	79,441			
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 page 27 of the instructions		0		
e Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions			0	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)	0			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	79,441			
10 Analysis of line 9				
a Excess from 2005	0			
b Excess from 2006	0			
c Excess from 2007	79,441			
d Excess from 2008	0			
e Excess from 2009	0			

N/A

▶

☐ 4942(I)(3) or ☐ 4942(I)(5)

(4) Gross investment income

[illegible]

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

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income (See page 28 of the instructions)
1	Program service revenue					
a	_____		0		0	0
b	_____		0		0	0
c	_____		0		0	0
d	_____		0		0	0
e	_____		0		0	0
f	_____		0		0	0
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments			14	29,190	
4	Dividends and interest from securities			14	141,606	
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				0	
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue a _____		0		0	0
b	_____		0		0	0
c	_____		0		0	0
d	_____		0		0	0
e	_____		0		0	0
12	Subtotal Add columns (b), (d), and (e)		0		170,796	0
13	Total. Add line 12, columns (b), (d), and (e)				13	170,796

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

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

[illegible]

Line 16c (990-PF) - Other Fees

		6,876	6,876	0	0
	Name of Organization or Person Providing Service	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	Quantum Financial Advisors	6,876	6,876		
2					
3					
4					
5					
6					
7					
8					
9					
10					

Part II, Line 10b (990-PF) - Investments - Corporate Stock

	Description	Num Shares/ Face Value	Book Value Beg. of Year	Book Value End of Year	FMV Beg. of Year	FMV End of Year
1	UBS					
2	Quantum					
3						
4						
5						
6						
7						
8						
9						
10						

William & Margaret Wallace Foundation

Current Portfolio Values

As of December 31, 2009

	Units	Price	Market Value
William & Margaret Wallace Foundation			
American Balanced A	23,053.746	16.21	373,701.22
American Mutual A	16,401.238	23.16	379,852.67
Capital World Growth & Income	4,149.081	34.08	141,400.68
Franklin Income I	85,560.952	2.07	177,111.17
Franklin US Gov't Secur Fund A	84,769.384	6.64	562,868.71
Growth Fund of America A	6,941.514	27.33	189,711.58
Income Fund of America A	11,862.029	15.49	183,742.83
Mutual Quest A	8,702.140	17.12	148,980.64
Thornburg Investment Income Bu	14,072.862	17.83	250,919.13
Thornburg Value Class A	13,822.590	31.07	429,467.87
U.S. Gov't Securities Fund A	2,927.121	13.98	40,921.15
Washington Mutual Inv A	20,571.382	24.64	506,878.85
Total:			\$ 3,385,556.50



UBS Financial Services Inc
100 RAILROAD STREET W
MISSOULA MT 59802

APZ2003384455 1209 X15 M4 0

Business Services Account

December 2009

00036718 02 AT 0.482 02 TR 00205 B201B075 100010 cpl
WILLIAM H & MARGARET M WALLACE
FOUNDATION
C/O GREG HANSON
199 W PINE ST
MISSOULA MT 59802-4221

Account name: WILLIAM H & MARGARET M WALLACE
FOUNDATION

Account number: M4 17167 DW

Your Financial Advisor:

DALE WOOLHISER
Phone 406-329-4540/888-295-3493

Questions about your statement?

Call your Financial Advisor or the
ResourceLine at 800-762-1000,
account 533017167

Visit our website:

www.ubs.com/financialservices

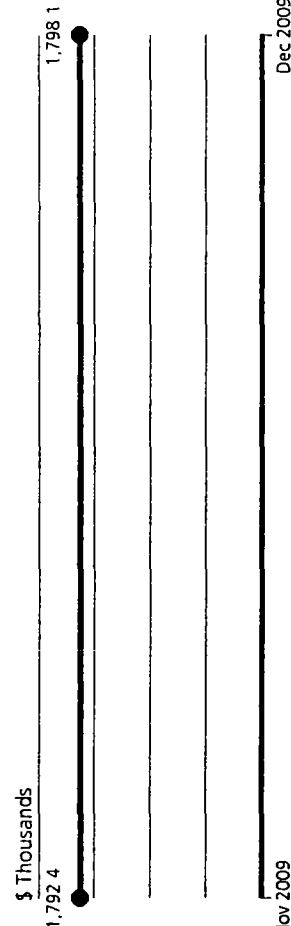
Items for your attention

- Is there a Roth IRA in your future?
Please contact your Financial Advisor
today to discuss the benefits of a Roth and
whether converting in 2010 may be right
for you

Value of your account

	on November 30 (\$)	on December 31 (\$)
Your assets	1,792,417.04	1,798,053.06
Your liabilities	0.00	0.00
Value of your account	\$1,792,417.04	\$1,798,053.06

Tracking the value of your account



Sources of your account growth during 2009	
Value of your account at year end 2008	\$0.00
Net amount you invested	\$1,668,865.64
Your investment return	
Dividend and interest income	\$23,231.14
Change in market value	\$105,956.28
Value of your account on Dec 31, 2009	\$1,798,053.06



Member SIPC

00036718 00011557

APZ20007003384455 PZ2000365974 00001 1209 X15 009814547 0 M4 DW

Page 1 of 6



Account name:
Account number:

WILLIAM H & MARGARET M WALLACE
M4 17167 DW

Your account balance sheet

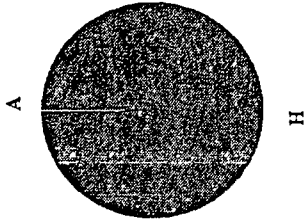
Summary of your assets

	Value on December 31 (\$)	Percentage of your account
A Cash and money balances	6,360 66	0 35%
B Cash alternatives	0 00	0 00%
C Equities	0 00	0 00%
D Fixed income	0 00	0 00%
E Alternative strategies	0 00	0 00%
F Broad commodities	0 00	0 00%
G Real estate	0 00	0 00%
H Other	1,791,692 40	99 65%
Total assets	\$1,798,053.06	100.00%

Value of your account

\$1,798,053.06

Your current asset allocation

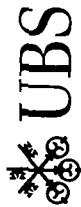


Eye on the markets

Index	Percentage change	
	December 2009	Year to date
S&P 500	1 93%	26 46%
Russell 3000	2 85%	28 34%
MSCI - Europe, Australia & Far East	1 45%	32 46%
Barclays Capital Aggregate Bond Index 10+ Yrs	-3 30%	0 08%

Interest rates on December 31, 2009

3-month Treasury bills 0 10%
One-month LIBOR 0 23%



Business Services Account
December 2009

Account name:
Account number:

WILLIAM H & MARGARET M WALLACE
M4 17167 DW

Your Financial Advisor:
DALE WOOLHISER
406-329-4540/888-295-3493

Change in the value of your account

	December 2009 (\$)	Year to date (\$)
Opening account value	\$1,792,417.04	\$0.00
Deposits, including securities transferred in	0 00	1,675,225 77
Withdrawals and fees, including securities transferred out	0 00	-6,360 13
Dividend and interest income	23,230 99	23,231 14
Change in market value	-17,594 97	105,956 28
Closing account value	\$1,798,053.06	\$1,798,053.06

Dividend and interest income earned

For purposes of this statement, taxability of interest and dividend income has been determined from a US tax reporting perspective. Based upon the residence of the account holder, account type, or product type, some interest and/or dividend payments may not be subject to United States (US) and/or Puerto Rico (PR) income taxes. The client monthly statement is not intended to be used and cannot be relied upon for tax purposes. Clients should refer to the applicable tax reporting forms they receive from UBS annually, such as the Forms 1099 and the Forms 480, for tax reporting information. It is the practice of UBS to file the applicable tax reporting forms with the US Internal Revenue Service and PR Treasury Department, and in such forms accurately classify dividends and/or interest as tax exempt or taxable income. Please consult your individual tax preparer.

	December 2009 (\$)	Year to date (\$)
Taxable dividends	23,230 99	23,231 14
Total current year	\$23,230.99	\$23,231.14
Total dividend & interest	\$23,230.99	\$23,231.14

Summary of gains and losses

Values reported below exclude products for which gains and losses are not classified

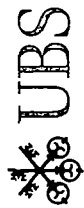
	Realized gains and losses		Unrealized gains and losses (\$)
	December 2009 (\$)	Year to date (\$)	
Short term	0 00	0 00	877 44
Long term	0 00	0 00	-106,056 25
Total	\$0.00	\$0.00	-\$105,178.81

Cash activity summary

See the section *Account activity this month* for details. UBS Bank USA deposit account balances are included in the *opening and closing balances* value, are insured by the FDIC within applicable limits, but are not protected by SIPC. See *Important information about your statement* at the end of this document for details about those balances.

	December 2009 (\$)	Year to date (\$)
Opening balances	\$6,360.17	\$0.00
<i>Additions</i>		
Deposits and other funds credited	0 00	12,720 15
Dividend and interest income	23,230 99	23,231 14
Total additions	\$23,230.99	\$35,951.29
<i>Subtractions</i>		
Other funds debited	0 00	-6,360 13
Funds withdrawn for securities bought	-23,230 50	-23,230 50
Total subtractions	-\$23,230.50	-\$29,590.63
Net cash flow	\$0.49	\$6,360.66
Closing balances	\$6,360.66	\$6,360.66





Account name.
Account number:

WILLIAM H & MARGARET M WALLACE
M4 17167 DW

Your investment objectives:

You have identified the following investment objectives for this account. If you have questions about these objectives, disagree with them, or wish to change them, please contact your Financial Advisor or Branch Manager. You can find a full description of the alternative investment objectives in *Important information about your statement* at the end of this document.

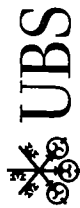
Your return objective:

Current income & capital appreciation

Your risk profile:

Primary - Moderate

Secondary - Conservative



Business Services Account
December 2009

Account name:
Account number:

WILLIAM H & MARGARET M WALLACE
M4 17167 DW

Your Financial Advisor:
DALE WOOLHISER
406-329-4540/888-295-3493

Your assets

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

Cash

Cash and money balances

Holding	Opening balance on Dec 1 (\$)	Closing balance on Dec 31 (\$)	Price per share on Dec 31 (\$)	Average rate	Dividend/Interest period	Days in period
RMA MONEY MKT PORTFOLIO	6,360.17	6,360.66	1.00	0.01%	Nov 23 to Dec 23	31

Other

Mutual funds

Total reinvested is the total of all reinvested dividends. It does not include any cash dividends. It is not a tax lot for the purposes of determining holding periods or cost basis. The shares you receive each time you reinvest dividends become a separate tax lot.

Cost basis is the total purchase cost of the security, including reinvested dividends. The cost basis may need to be adjusted for return of capital payments in order to determine the adjusted cost basis for tax reporting purposes.

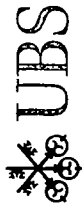
Unrealized gain or loss is the difference between the current value and the cost basis. The unrealized gain or loss may need to be adjusted for return of capital payments in order to determine the realized gain or loss for tax reporting purposes.

Investment return is the current value minus the amount you invested. It does not include any cash dividends that were not reinvested.

Holding	Number of shares	Purchase price per share (\$)	Client investment (\$)	Cost basis (\$)	Price per share on Dec 31 (\$)	Value on Dec 31 (\$)	Unrealized gain or loss (\$)	Investment return (\$)	Holding period
BLACKROCK GLOBAL ALLOCATION FUND INC A									
Trade date Jan 24, 08	93,740.000	19.170	1,796,995.80	1,796,995.80 ¹	17.890	1,677,008.60	-119,987.20		LT
Total reinvested	6,410.498	15.579		99,875.42	17.890	114,683.81	14,808.39		
EAI \$31.047 Current yield 1.73%									
Security total	100,150.498		1,796,995.80	1,896,871.22		1,791,692.40	-105,178.81	-5,303.39	

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





Account name: WILLIAM H & MARGARET M WALLACE
Account number: M4 17167 DW

Your assets (continued)

Your total assets

	Value on Dec 31 (\$)	Percentage of your account	Cost basis (\$)	Estimated annual income (\$)	Unrealized gain or loss (\$)
Cash	6,360.66	0.35%	6,360.66		
Other	1,791,692.40	99.65%	1,896,871.22	31,047.00	-105,178.81
Total	\$1,798,053.06	100.00%	\$1,903,231.88	\$31,047.00	-\$105,178.81

Account activity this month

For more information about the price/value shown for restricted securities, see *Important information about your statement* at the end of this document

Date	Activity	Description	Your expense code	Quantity/ Face value	Price/Value (\$)	Cash amount (\$)	Cash and money balance (\$)
Nov 30		Cash and money balance					\$6,360.17
Dec 17	St Cap Gain	RMA MONEY MKT PORTFOLIO AS OF 12/16/09				45	6,360.62
Dec 21	Dividend	BLACKROCK GLOBAL ALLOCATION FUND INC A AS OF 12/18/09				23,230.50	
Dec 21	Reinvestment	BLACKROCK GLOBAL ALLOCATION FUND INC A DIVIDEND REINVESTED AT 17.74 NAV ON 12/18/09 AS OF 12/18/09		1,309.498		-23,230.50	6,360.62
Dec 24	Dividend	RMA MONEY MKT PORTFOLIO AS OF 12/23/09				04	6,360.66
Dec 31		Closing cash and money balance					\$6,360.66
		Funds used for security transactions					-\$23,230.50

Date	Activity	Description	Amount (\$)
Nov 30	Balance forward		\$6,360.17
Dec 17	Bought	RMA MONEY MKT PORTFOLIO AS OF 12/16/09	0.45
Dec 24	Bought	RMA MONEY MKT PORTFOLIO AS OF 12/23/09	0.04
Dec 31	Closing RMA Money Mkt. Portfolio		\$6,360.66

The RMA Money Market Portfolio is your primary sweep option