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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

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 01-01-2009 , and ending 12-31-2009

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 PELO FOUNDATION		A Employer identification number 91-1430570
	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) (509) 525-2837
	City or town, state, and ZIP code WALLA WALLA, WA 99362		C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/>

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) **\$** 463,658

J Accounting method Cash Accrual
 Other (specify) _____
 (Part I, column (d) must be on cash basis.)

E If private foundation status was terminated under section 507(b)(1)(A), check here
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

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

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule)				
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments	1,978	1,978		
4 Dividends and interest from securities	11,385	11,385		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	<input checked="" type="checkbox"/> -220			
b Gross sales price for all assets on line 6a	20,000			
7 Capital gain net income (from Part IV, line 2)				
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule)				
12 Total. Add lines 1 through 11	13,143	13,363		
13 Compensation of officers, directors, trustees, etc				
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule)	<input checked="" type="checkbox"/> 660	460		200
c Other professional fees (attach schedule)	<input checked="" type="checkbox"/> 4,089	4,089		
17 Interest				
18 Taxes (attach schedule) (see page 14 of the instructions)	<input checked="" type="checkbox"/> 181	181		
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings	841	841		
22 Printing and publications				
23 Other expenses (attach schedule)	<input checked="" type="checkbox"/> 10	10		
24 Total operating and administrative expenses. Add lines 13 through 23	5,781	5,581		200
25 Contributions, gifts, grants paid	23,500			23,500
26 Total expenses and disbursements. Add lines 24 and 25	29,281	5,581		23,700
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-16,138			
b Net investment income (if negative, enter -0-)		7,782		
c Adjusted net income (if negative, enter -0-)				

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

Part II Balance Sheets		Beginning of year		End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1 Cash—non-interest-bearing	1,026	-2,536	-2,536	
	2 Savings and temporary cash investments	29,119	36,987	36,987	
	3 Accounts receivable <input type="checkbox"/> _____ Less allowance for doubtful accounts <input type="checkbox"/> _____				
	4 Pledges receivable <input type="checkbox"/> _____ Less allowance for doubtful accounts <input type="checkbox"/> _____				
	5 Grants receivable				
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)				
	7 Other notes and loans receivable (attach schedule) <input type="checkbox"/> _____ Less allowance for doubtful accounts <input type="checkbox"/> _____				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments—U S and state government obligations (attach schedule)	95,771 <input type="checkbox"/>	75,551	77,174	
	b Investments—corporate stock (attach schedule)	393,522 <input type="checkbox"/>	393,522	350,710	
	c Investments—corporate bonds (attach schedule)				
	11 Investments—land, buildings, and equipment basis <input type="checkbox"/> _____ Less accumulated depreciation (attach schedule) <input type="checkbox"/> _____				
	12 Investments—mortgage loans				
	13 Investments—other (attach schedule)				
	14 Land, buildings, and equipment basis <input type="checkbox"/> _____ Less accumulated depreciation (attach schedule) <input type="checkbox"/> _____				
15 Other assets (describe <input type="checkbox"/> _____)	<input type="checkbox"/> 1,547	<input type="checkbox"/> 1,323	<input type="checkbox"/> 1,323		
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	520,985	504,847	463,658		
Liabilities	17 Accounts payable and accrued expenses				
	18 Grants payable				
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, and other disqualified persons				
	21 Mortgages and other notes payable (attach schedule)				
22 Other liabilities (describe <input type="checkbox"/> _____)					
23 Total liabilities (add lines 17 through 22)		0			
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input type="checkbox"/> 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 <input checked="" type="checkbox"/> and complete lines 27 through 31.				
	27 Capital stock, trust principal, or current funds	500,000	500,000		
	28 Paid-in or capital surplus, or land, bldg, and equipment fund				
29 Retained earnings, accumulated income, endowment, or other funds	20,985	4,847			
30 Total net assets or fund balances (see page 17 of the instructions)	520,985	504,847			
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	520,985	504,847			

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	520,985
2	Enter amount from Part I, line 27a	2	-16,138
3	Other increases not included in line 2 (itemize) <input type="checkbox"/> _____	3	
4	Add lines 1, 2, and 3	4	504,847
5	Decreases not included in line 2 (itemize) <input type="checkbox"/> _____	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	504,847

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			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(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	
a			
b			
c			
d			
e			

2	Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8		3	

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

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

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

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2008	253,076	615,127	0.411421
2007	38,700	842,325	0.045944
2006	40,200	824,573	0.048753
2005	40,150	779,555	0.051504
2004	36,550	751,017	0.048667

2	Total of line 1, column (d).	2	0.606289
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	0.121258
4	Enter the net value of noncharitable-use assets for 2009 from Part X, line 5.	4	430,890
5	Multiply line 4 by line 3.	5	52,249
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	78
7	Add lines 5 and 6.	7	52,327
8	Enter qualifying distributions from Part XII, line 4.	8	23,700

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

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

Table with 11 rows for excise tax calculations. Includes sub-rows 6a-6d for credits and payments. Total tax due is 1,040, with 1,040 refunded.

Part VII-A Statements Regarding Activities

Table with 10 rows of activity statements. Columns include question number, 'Yes', and 'No' responses. Questions cover political activities, tax returns, and asset requirements.

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		No
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address N/A	13	Yes	
14	The books are in care of RICHARD R PELO Telephone no (509) 526-5689 Located at 1859 BREVOR DRIVE WALLA WALLA WA ZIP+4 99362			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year 15			<input type="checkbox"/>

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

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

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

<p>5a During the year did the foundation pay or incur any amount to</p> <p>(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(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). . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/></p> <p>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? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach the statement required by Regulations section 53.4945–5(d).</p> <p>6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes" to 6b, file Form 8870.</p> <p>7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	5b	
	6b	No
	7b	

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Additional Data Table				

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		

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

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1	
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments. See page 24 of the instructions	
3	

Total. Add lines 1 through 3. 

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	403,719
b	Average of monthly cash balances.	1b	32,298
c	Fair market value of all other assets (see page 24 of the instructions).	1c	1,435
d	Total (add lines 1a, b, and c).	1d	437,452
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	437,452
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions).	4	6,562
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	430,890
6	Minimum investment return. Enter 5% of line 5.	6	21,545

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	21,545
2a	Tax on investment income for 2009 from Part VI, line 5.	2a	156
b	Income tax for 2009 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	156
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	21,389
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	21,389
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	21,389

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	23,700
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	23,700
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	
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	23,700

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				21,389
2 Undistributed income, if any, as of the end of 2008				
a Enter amount for 2008 only.				
b Total for prior years 20___, 20___, 20___				
3 Excess distributions carryover, if any, to 2009				
a From 2004.				
b From 2005.				
c From 2006.				
d From 2007.				
e From 2008. 207,380				
f Total of lines 3a through e.	207,380			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 23,700				
a Applied to 2008, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions).				
d Applied to 2009 distributable amount.				21,389
e Remaining amount distributed out of corpus	2,311			
5 Excess distributions carryover applied to 2009 <i>(If an amount appears in column (d), the same amount must be shown in column (a).)</i>				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	209,691			
b Prior years' undistributed income Subtract line 4b from line 2b.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions				
e Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions				
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				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)				
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	209,691			
10 Analysis of line 9				
a Excess from 2005.				
b Excess from 2006.				
c Excess from 2007.				
d Excess from 2008. 207,380				
e Excess from 2009. 2,311				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling.

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

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

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see page 27 of the instructions.)

1 Information Regarding Foundation Managers:

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

See Additional Data Table

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

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

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

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

RICHARD R PELO
1859 BREVOR DRIVE
WALLA WALLA, WA 99362
(509) 525-2837

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

NO SPECIFIC FORM

c Any submission deadlines

NONE - REASONABLE TIME SHOULD BE ALLOWED FOR DIRECTORS TO ACT UPON REQUEST

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

CHARITABLE, RELIGIOUS, AND EDUCATIONAL PURPOSES

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> See Additional Data Table				
Total				▶ 3a 23,500
b <i>Approved for future payment</i>				
Total				▶ 3b

Part XVI-A Analysis of Income-Producing Activities

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include Program service revenue, Fees and contracts from government agencies, Membership dues and assessments, Interest on savings and temporary cash investments, Dividends and interest from securities, Net rental income or (loss) from real estate, Net rental income or (loss) from personal property, Other investment income, Gain or (loss) from sales of assets other than inventory, Net income or (loss) from special events, Gross profit or (loss) from sales of inventory, Other revenue, Subtotal, and Total.

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

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

Table with 2 columns: Line No. and Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes) (See page 28 of the instructions)

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

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... 1a(1) Cash... 1a(2) Other assets... 1b(1) Sales of assets... 1b(2) Purchases of assets... 1b(3) Rental of facilities... 1b(4) Reimbursement arrangements... 1b(5) Loans or loan guarantees... 1b(6) Performance of services... 1c Sharing of facilities... 1d If the answer to any of the above is "Yes," complete the following schedule.

Table with 4 columns: (a) Line No, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code... [] Yes [x] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

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









Signature of officer or trustee: ***** Date: 2010-08-31 Title: *****

Sign Here section containing Preparer's Signature (DEBORA L ZALAZNIK, 2010-09-01), Firm's name (ZALAZNIK MOORE & ASSOCIATES PLLC), EIN, and Phone no (509) 526-5689.

Additional Data

Software ID: 09000034
Software Version: 09530951
EIN: 91-1430570
Name: PELO FOUNDATION

Form 990PF Part VIII Line 1 - List all officers, directors, trustees, foundation managers and their compensation

(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
RICHARD R PELO  1859 BREVOR DR WALLA WALLA, WA 99362	PRESIDENT 1 00	0	0	0
KATHERINE PELO  1859 BREVOR DR WALLA WALLA, WA 99362	SECRETARY 1 00	0	0	0
JACK E PELO  6 GATEHOUSE LANE SANDY, UT 84092	VICE PRES 1 00	0	0	0
DONALD C PELO  5505 154TH AVE SE BELLEVUE, WA 98006	TREASURER 1 00	0	0	0
RICHARD L PELO  640 LINDEN ROAD BELLINGHAM, WA 98225	ASSIST TREAS 1 00	0	0	0
PAM HAYNER  1504 IRONWOOD DRIVE WALLA WALLA, WA 99362	DIRECTOR 1 00	0	0	0
JAMES MCCARTHY  1503 IRONWOOD DRIVE WALLA WALLA, WA 99362	DIRECTOR 1 00	0	0	0
JANE KREITZBERG  83 GARDEN DRIVE WALLA WALLA, WA 99362	DIRECTOR 1 00	0	0	0

Form 990PF Part XV Line 1a - 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).

RICHARD R PELO
KATHERINE PELO
JACK E PELO
DONALD C PELO
RICHARD L PELO

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
CAMPFIRE414 S PARK ST WALLA WALLA, WA 99362	NONE	PUBLIC	SUMMER PROGRAM	2,000
HELPLINE16 S COLVILLE ST WALLA WALLA, WA 99362	NONE	PUBLIC	SUMMER SUPPLIES	3,500
PIONEER MIDDLE SCHOOL450 BRIDGE ST WALLA WALLA, WA 99362	NONE	PUBLIC	PRINCIPAL FUND	500
LINCOLN HIGH SCHOOL421 SOUTH 4TH AVE WALLA WALLA, WA 99362	NONE	PUBLIC	PRINCIPAL FUND	1,500
GARRISON MIDDLE SCHOOL906 CHASE ST WALLA WALLA, WA 99362	NONE	PUBLIC	PRINCIPAL FUND	500
GREEN PARK SCHOOL1105 E ISAACS WALLA WALLA, WA 99362	NONE	PUBLIC	PRINCIPAL FUND	500
BLUE RIDGE SCHOOL1150 W CHESTNUT WALLA WALLA, WA 99362	NONE	PUBLIC	PRINCIPAL FUND	500
BERNEY ELEMENTARY SCHOOL 1718 PLEASANT ST WALLA WALLA, WA 99362	NONE	PUBLIC	PIRNCIPAL FUND	500
EDISON SCHOOL1315 EAST ALDER ST WALLA WALLA, WA 99362	NONE	PUBLIC	PRINCIPAL FUND	500
SHARPSTEIN SCHOOL410 HOWARD ST WALLA WALLA, WA 99362	NONE	PUBLIC	PRINCIPAL FUND	500
PROSPECT POINT SCHOOL55 RESER RD WALLA WALLA, WA 99362	NONE	PUBLIC	PRINCIPAL FUND	500
FRIENDS61 E MAIN ST WALLA WALLA, WA 99362	NONE	PUBLIC	AID FOR GENERAL OPERATIONS	1,000
CHRISTIAN AID CENTER202 W BIRCH ST WALLA WALLA, WA 99362	NONE	PUBLIC	SUMMER PROGRAMS	3,500
YOUNG LIFEPO BOX 2525 WALLA WALLA, WA 99362	NONE	PUBLIC	SUMMER REC PROGRAMS	1,000
COMMUNITY CENTER FOR YOUT 113 S COLVILLE ST WALLA WALLA, WA 99362	NONE	PUBLIC	SUMMER PROGRAMS	1,000
Total				23,500

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
CHILDREN'S MUSEUM OF WW77 WAINWRIGHT DR WALLA WALLA, WA 99362	NONE	PUBLIC	SUMMER PROGRAMS	2,000
YWCA213 S 1ST AVE WALLA WALLA, WA 99362	NONE	PUBLIC	LINEN AND BLANKETS FOR BEDS	2,000
BLUE MT HUMANE SOCIETY7 E GEORGE WALLA WALLA, WA 99362	NONE	PUBLIC	TEACH CHILDREN TO TRAIN PETS	1,000
BOOKS FOR BABES1859 BREVOR DR WALLA WALLA, WA 99362	NONE	PUBLIC	2ND GRADE PROJECT	1,000
Total			▶ 3a	23,500

TY 2009 Accounting Fees Schedule

Name: PELO FOUNDATION

EIN: 91-1430570

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	660	460		200

TY 2009 Compensation Explanation**Name:** PELO FOUNDATION**EIN:** 91-1430570

Person Name	Explanation
RICHARD R PELO	NO COMPENSATION
KATHERINE PELO	NO COMPENSATION
JACK E PELO	NO COMPENSATION
DONALD C PELO	NO COMPENSATION
RICHARD L PELO	NO COMPENSATION
PAM HAYNER	NO COMPENSATION
JAMES MCCARTHY	NO COMPENSATION
JANE KREITZBERG	NO COMPENSATION

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2009 Gain/Loss from Sale of Other Assets Schedule

Name: PELO FOUNDATION

EIN: 91-1430570

Name	Date Acquired	How Acquired	Date Sold	Purchaser Name	Gross Sales Price	Basis	Basis Method	Sales Expenses	Total (net)	Accumulated Depreciation
ATLANTA & FULTON CNTY GA TXB	1997-12	PURCHASE	2009-12		20,000	20,220			-220	

**TY 2009 Investments Corporate
Stock Schedule****Name:** PELO FOUNDATION**EIN:** 91-1430570

Name of Stock	End of Year Book Value	End of Year Fair Market Value
DODGE & COX INTL STOCK FUND	85,200	84,143
GOLDMAN SACHS MID CAP VALUE INSTL FU	66,000	56,996
FEDERATED TOTAL RETURN BOND FUND	73,000	73,928
FEDERATED KAUFFMAN SMALL CAP FUND	28,800	23,712
FEDERATED INTER CONTIN'L ISHARES	30,000	18,447
MERRILL LYNCH LARGE CAP	110,522	93,484

**TY 2009 Investments Government
Obligations Schedule**

Name: PELO FOUNDATION

EIN: 91-1430570

**US Government Securities - End of
Year Book Value:** 75,551

**US Government Securities - End of
Year Fair Market Value:** 77,174

**State & Local Government
Securities - End of Year Book
Value:**

**State & Local Government
Securities - End of Year Fair
Market Value:**

TY 2009 Other Assets Schedule

Name: PELO FOUNDATION

EIN: 91-1430570

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
ACCRUED INTEREST AND DIVIDENDS	351	283	283
FEDERAL TAX RECEIVABLE	1,196	1,040	1,040

TY 2009 Other Expenses Schedule

Name: PELO FOUNDATION

EIN: 91-1430570

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
WA STATE FILING FEES	10	10		

TY 2009 Other Professional Fees Schedule

Name: PELO FOUNDATION

EIN: 91-1430570

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
TRUST SERVICE FEES	4,089	4,089		

TY 2009 Taxes Schedule

Name: PELO FOUNDATION

EIN: 91-1430570

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
TAX EXPENSE	181	181		