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990-PF

Department of the Treasury
Internal Revenue ServiceReturn of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

OMB No. 1545-0052

2009

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

02/01, 2009, and ending

01/31, 2010

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 DILLON FOUNDATION
PNC BANK NA

A Employer identification number

25-6228773

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)

P O BOX 94651

(216) 257-4699

City or town, state, and ZIP code

CLEVELAND, OH 44101

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) \$ 1,352,571.

J Accounting method: ☒ Cash ☐ Accrual☐ Other (specify)

(Part I, column (d) must be on cash basis.)

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 ☐**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				
4 Dividends and interest from securities	21,634.	21,634.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	75,063.			
b Gross sales price for all assets on line 6a	446,882.			
7 Capital gain net income (from Part IV, line 2)		75,063.		
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)	3,819.	459.		
12 Total. Add lines 1 through 11	100,516.	97,156.		
13 Compensation of officers, directors, trustees, etc.	13,196.	6,598.		6,598.
14 Other employee salaries and wages		NONE	NONE	
15 Pension plans, employee benefits		NONE	NONE	
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule) STMT. 1	750.	NONE	NONE	750.
c Other professional fees (attach schedule)				
17 Interest				
18 Taxes (attach schedule) (see page 14 of the instructions) STMT. 2	322.	322.		
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings		NONE	NONE	
22 Printing and publications		NONE	NONE	
23 Other expenses (attach schedule)				
24 Total operating and administrative expenses. Add lines 13 through 23	14,268.	6,920.	NONE	7,348.
25 Contributions, gifts, grants paid	58,402.			58,402.
26 Total expenses and disbursements. Add lines 24 and 25	72,670.	6,920.	NONE	65,750.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	27,846.			
b Net investment income (if negative, enter -0-)		90,236.		
c Adjusted net income (if negative, enter -0-)				

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

JSA

Form 990-PF (2009)

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POSTMARK DATE JUN 10 2010

Revenue

Operating and Administrative Expenses

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CGDEN, UT

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			
	2 Savings and temporary cash investments	102,557.	28,831.	28,831.
	3 Accounts receivable ▶ Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments - U S and state government obligations (attach schedule)			
	b Investments - corporate stock (attach schedule)	999,823.	1,075,851.	1,079,650.
	c Investments - corporate bonds (attach schedule)	156,058.	183,876.	194,257.
	11 Investments - land, buildings, and equipment basis Less: accumulated depreciation (attach schedule)			
	12 Investments - mortgage loans			
	13 Investments - other (attach schedule) STMT 3.	60,540.	60,540.	49,833.
	14 Land, buildings, and equipment basis Less: accumulated depreciation (attach schedule)			
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	1,318,978.	1,349,098.	1,352,571.	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)				
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <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 and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	1,318,978.	1,349,098.	
	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)	1,318,978.	1,349,098.	
	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	1,318,978.	1,349,098.	

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	1,318,978.
2 Enter amount from Part I, line 27a	2	27,846.
3 Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 4	3	2,542.
4 Add lines 1, 2, and 3	4	1,349,366.
5 Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 5	5	268.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,349,098.

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Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs MLC Co.)			(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a SEE PART IV DETAIL					
b					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a					
b					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any			
a					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)			2	75,063.	
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			
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 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	

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

1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1.			
Date of ruling or determination letter _____ (attach copy of ruling letter if necessary - see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		1	1,805.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		2	
3 Add lines 1 and 2		3	1,805.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	NONE
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	1,805.
6 Credits/Payments:			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	470.	
b Exempt foreign organizations-tax withheld at source	6b	NONE	
c Tax paid with application for extension of time to file (Form 8868)	6c	NONE	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments Add lines 6a through 6d	7	470.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	1,335.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		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 ► \$ _____ (2) On foundation managers. ► \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS?		X
If "Yes," attach a detailed description of the activities.		
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
4a 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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?		X
If "Yes," attach the statement required by General Instruction T		
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	
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ► _____ STMT 6		
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

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see 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 <input type="checkbox"/> N/A				
14 The books are in care of <input type="checkbox"/> PNC BANK NA Telephone no <input type="checkbox"/> (216) 257-4699				
Located at <input type="checkbox"/> P O BOX 94651, CLEVELAND, OH ZIP + 4 <input type="checkbox"/> 44101-4651				
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 <input type="checkbox"/> 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?	<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 checked="" type="checkbox"/> Yes	<input 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)?	1b	X
Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If "Yes," list the years <input type="checkbox"/>		
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	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. <input type="checkbox"/>		
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? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009)	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?	4b	X

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

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see 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)? ☐ 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 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 STATEMENT 7		13,196.	-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		NONE	NONE	NONE

Total number of other employees paid over \$50,000 ☐ **NONE**

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Part V 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		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 NONE	
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 NONE	
2	
All other program-related investments See page 24 of the instructions	
3 NONE	
Total. Add lines 1 through 3	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	1,257,266.
b	Average of monthly cash balances	1b	NONE
c	Fair market value of all other assets (see page 24 of the instructions)	1c	NONE
d	Total (add lines 1a, b, and c)	1d	1,257,266.
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	NONE
3	Subtract line 2 from line 1d	3	1,257,266.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions)	4	18,859.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,238,407.
6	Minimum investment return. Enter 5% of line 5	6	61,920.

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	61,920.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	1,805.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,805.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	60,115.
4	Recoveries of amounts treated as qualifying distributions	4	NONE
5	Add lines 3 and 4	5	60,115.
6	Deduction from distributable amount (see page 25 of the instructions)	6	NONE
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	60,115.

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	65,750.
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	NONE
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	65,750.
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	N/A
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	65,750.

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				60,115.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			37,202.	
b Total for prior years 20____, 20____, 20____		NONE		
3 Excess distributions carryover, if any, to 2009:				
a From 2004	NONE			
b From 2005	NONE			
c From 2006	NONE			
d From 2007	NONE			
e From 2008	NONE			
f Total of lines 3a through e	NONE			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 65,750.				
a Applied to 2008, but not more than line 2a			37,202.	
b Applied to undistributed income of prior years (Election required - see page 26 of the instructions)		NONE		
c Treated as distributions out of corpus (Election required - see page 26 of the instructions)	NONE			
d Applied to 2009 distributable amount				28,548.
e Remaining amount distributed out of corpus . . .	NONE			
5 Excess distributions carryover applied to 2009 . (If an amount appears in column (d), the same amount must be shown in column (a).)	NONE			NONE
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	NONE			
b Prior years' undistributed income. Subtract line 4b from line 2b		NONE		
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		NONE		
d Subtract line 6c from line 6b. Taxable amount - see page 27 of the instructions		NONE		
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.				31,567.
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)	NONE			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)	NONE			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	NONE			
10 Analysis of line 9:				
a Excess from 2005	NONE			
b Excess from 2006	NONE			
c Excess from 2007	NONE			
d Excess from 2008	NONE			
e Excess from 2009	NONE			

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

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 foundation 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 foundation had \$5,000 or more in assets at any time during the year - see page 28 of the instructions.)**1 Information Regarding Foundation Managers:**

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

NONE

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 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:

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)**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 Paid during the year SEE STATEMENT 8				
Total			▶ 3a	58,402.
b Approved for future payment				
Total			▶ 3b	

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

- [illegible]

b If "Yes," complete the following schedule.

[illegible]

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.			
		05/27/2010	TAX MANAGER
Signature of officer or trustee		Date	Title
Paid Preparer's Use Only	Preparer's signature 	Date	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP code	Preparer's identifying number (See Signature on page 30 of the instructions)	
		EIN	Phone no

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

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/allowable	Cost or other basis	FMV as of 12/31/69	Adj. basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
		TOTAL LONG-TERM CAPITAL GAIN DIVIDENDS					516.	
1,908.00		121.56 ASTON TAMRO SMALL CAP FUND CL I PROPERTY TYPE: SECURITIES 1,456.00					01/15/2009	10/05/2009
28,716.00		1829.025 ASTON TAMRO SMALL CAP FUND CL I PROPERTY TYPE: SECURITIES 30,668.00					03/28/2008	10/05/2009
20,000.00		1785.714 ALLEGIANT INTRM BD FD CL I PROPERTY TYPE: SECURITIES 18,673.00					12/01/2008	10/05/2009
11,251.00		404.128 T ROWE PRICE EMERGING MARKETS ST PROPERTY TYPE: SECURITIES 7,432.00					10/20/2008	10/05/2009
13,839.00		497.097 T ROWE PRICE EMERGING MARKETS ST PROPERTY TYPE: SECURITIES 14,108.00					09/20/2006	10/05/2009
7,796.00		762.817 ROYCE TOTAL RETURN FUND INV FUND PROPERTY TYPE: SECURITIES 6,270.00					12/09/2008	10/05/2009
25,762.00		2520.765 ROYCE TOTAL RETURN FUND INV FUN PROPERTY TYPE: SECURITIES 31,409.00					02/14/2005	10/05/2009
312,923.00		14153.012 VANGUARD/WINDSOR FUND INC VANG PROPERTY TYPE: SECURITIES 245,982.00					12/01/2008	10/05/2009
3,643.00		310.074 VANGUARD FIXED INC SECS FUND LON PROPERTY TYPE: SECURITIES 3,510.00					10/20/2008	10/05/2009
20,528.00		536. VANGUARD EMERGING MARKETS ETF PROPERTY TYPE: SECURITIES 12,311.00					11/26/2008	10/05/2009

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

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj. basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
TOTAL GAIN(LOSS)							----- 75,063. =====	

FORM 990PF, PART I - ACCOUNTING FEES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
PNC BANK, NA	750.			750.
TOTALS	750.	NONE	NONE	750.
	=====	=====	=====	=====

FORM 990PF, PART I - TAXES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----
FOREIGN TAXES ON QUALIFIED FOR	302.	302.
FOREIGN TAXES ON NONQUALIFIED	20.	20.
	-----	-----
TOTALS	322.	322.
	=====	=====

THE DILLON FOUNDATION

25-6228773

FORM 990PF, PART II - OTHER INVESTMENTS
=====

DESCRIPTION -----	COST/ FMV C OR F -----	ENDING BOOK VALUE -----	ENDING FMV ---
ALTERNATIVE INVESTMENTS	C	60,540.	49,833.
		-----	-----
TOTALS		60,540.	49,833.
		=====	=====

FORM 990PF, PART III - OTHER INCREASES IN NET WORTH OR FUND BALANCES
=====

DESCRIPTION -----	AMOUNT -----
POSTED CURR YR FOR PR YR	368.
ROUNDING ADJUSTMENT	4.
ACCOUNT REIMBURSEMENT	785.
4720 PENALTY REIMBURSEMENT	1,385.

TOTAL	2,542.
	=====

FORM 990PF, PART III - OTHER DECREASES IN NET WORTH OR FUND BALANCES
=====

DESCRIPTION -----	AMOUNT -----
POSTED SUBSEQ YR FOR CURR YR	268.

TOTAL	268.
	=====

• • •

STATE(S) WHERE THE FOUNDATION IS REGISTERED
=====

PA

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

=====

OFFICER NAME:

PNC BANK NA

ADDRESS:

P.O. BOX 94651

CLEVELAND, OH 44101-4651

TITLE:

TRUSTEE

AVERAGE HOURS PER WEEK DEVOTED TO POSITION: 2

COMPENSATION 13,196.

TOTAL COMPENSATION:

13,196.

=====

RECIPIENT NAME:

YOUNGSVILLE FREE METHODIST CH

ADDRESS:

240 E MAIN ST

YOUNGSVILLE, PA 16371

RELATIONSHIP:

NONE

PURPOSE OF GRANT:

GENERAL SUPPORT

FOUNDATION STATUS OF RECIPIENT:

PUBLIC

AMOUNT OF GRANT PAID 2,920.

RECIPIENT NAME:

CRIPPLED CHILDREN OF WARREN

ADDRESS:

250 HOSPITAL DRIVE

NORTH WARREN, PA 16365-4886

RELATIONSHIP:

NONE

PURPOSE OF GRANT:

GENERAL SUPPORT

FOUNDATION STATUS OF RECIPIENT:

PUBLIC

AMOUNT OF GRANT PAID 20,441.

RECIPIENT NAME:

EPILEPSY FOUNDATION OF AMERICA

ADDRESS:

8301 PROFESSIONAL PLACE, EAST

LANDOVER, MD 20785-7223

RELATIONSHIP:

NONE

PURPOSE OF GRANT:

GENERAL SUPPORT

FOUNDATION STATUS OF RECIPIENT:

PUBLIC

AMOUNT OF GRANT PAID 35,041.

TOTAL GRANTS PAID:

58,402.

=====



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NATIONAL CITY BANK
801 STATE STREET
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ACCOUNT STATEMENT

THE DILLON FOUNDATION

Statement Period 01/01/2010 through 01/31/2010
Account Number 46 P0-4339-00-1

SUMMARY OF ACCOUNT

ACCOUNT POSITION	Tax Cost	Market Value	Unrealized Gain/Loss
EQUITIES	\$1,075,850.63	\$1,079,650.45	\$3,799.82
FIXED INCOME	183,875.60	194,257.36	10,381.76
ALTERNATIVE INVESTMENTS	60,540.00	49,833.00	-10,707.00
CASH AND CASH EQUIVALENTS	28,830.65	28,830.65	
TOTAL ACCOUNT POSITION	\$1,349,096.88	\$1,352,571.46	\$3,474.58

EQUITY DIVERSIFICATION STATEMENT

	Tax Cost	Market Value Total	Market Value Percent	Projected Annual Income	Yield
DOMESTIC MUTUAL FUNDS					
LARGE CAP	\$833,077.42	\$815,714.61	75.55%	\$9,725	1.19%
SMALL CAP	\$37,773.77	\$53,288.20	4.94%	\$362	0.68%
INTERNATIONAL MARKETS					
INTERNATIONAL DEVELOPED MUTUAL FUNDS	\$166,647.64	\$159,826.97	14.80%	\$1,990	1.25%
INTERNATIONAL EMERGING MARKET MUTUAL	\$38,351.80	\$50,820.67	4.71%	\$499	0.98%
TOTAL EQUITIES	\$1,075,850.63	\$1,079,650.45	100.00%	\$12,576	1.16%

STATEMENT OF INVESTMENT POSITION

Acq. Date	Quantity	Tax Cost	Market Value	Ticker	Unrealized Gain/Loss	% of Asset Category	% of Account	Projected Annual Income	Yield
EQUITIES									
DOMESTIC MUTUAL FUNDS									
ASTON TAMRO SM CAP I									
12/08 - 01/09				ATSIX					
	1,681.480	\$18,656.63	\$27,139.09	\$16.14	\$8,482.46	2.51%	2.01%	\$24	0.09%
HARBOR FD CAPITAL APPRECIATION FD									
INSTITUTIONAL CLASS #12									
03/08 - 12/08				HACAX					
	5,683.926	\$160,073.83	\$176,088.03	\$30.98	\$16,014.20	16.32%	13.02%	\$495	0.28%
ISHARES TR RUSSELL MIDCAP									
07/09 - 10/09				IWR					
	1,000.000	\$73,069.04	\$79,670.00	\$79.67	\$6,600.96	7.38%	5.89%	\$1,630	2.05%
ISHARES TR S&P 500 INDEX									
03/08 - 10/09				IVV					
	1,200.000	\$137,267.11	\$129,192.00	\$107.66	-\$8,075.11	11.97%	9.55%	\$2,870	2.22%

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ACCOUNT STATEMENT

THE DILLON FOUNDATION

Statement Period 01/01/2010 through 01/31/2010
Account Number 46 P0-4339-00-1

STATEMENT OF INVESTMENT POSITION CONTINUED

Acq Date				Ticker		% of		Projected	
Range	Quantity	Tax Cost	Market Value	Price	Unrealized	Asset	% of	Annual	Yield
MFS SER TR I VALUE FD CL I				MEIIX	Gain/Loss	Category	Account	Income	
10/09 - 10/09									
	6,575 620	\$130,000 00	\$133,024 79	\$20 23	\$3,024 79	12 32%	9 83%	\$2,413	1 81%
ROYCE TOTAL RETURN FD #267				RYTRX					
12/08 - 01/09									
	2,488 022	\$19,117 14	\$26,149 11	\$10 51	\$7,031 97	2 42%	1 93%	\$338	1 29%
T ROWE PRICE GROWTH STOCK FUND				PRGFX					
FD #40									
02/07 - 12/08									
	6,347 493	\$202,667 44	\$164,273 12	\$25 88	-\$38,394 32	15 22%	12 15%	\$317	0 19%
T ROWE PRICE VALUE FUND				TRVLX					
10/09 - 10/09									
	6,666 667	\$130,000 00	\$133,466 67	\$20 02	\$3,466 67	12 36%	9.87%	\$2,000	1 50%
TOTAL DOMESTIC MUTUAL FUNDS									
		\$870,851 19	\$869,002 81		-\$1,848 38	80 49%	64 26%	\$10,087	1.16%
INTERNATIONAL MARKETS									
ARTISAN INTERNATIONAL FD				ARTIX					
FD #661									
10/09 - 10/09									
	1,525 941	\$30,000 00	\$29,252 29	\$19 17	-\$747.71	2 71%	2 16%	\$375	1 28%
DODGE & COX INTERNATIONAL STK FD				DODFX					
06/05 - 12/08									
	1,474 891	\$43,807 67	\$45,087 42	\$30 57	\$1,279 75	4 18%	3 33%	\$643	1 43%
HARBOR FD INTERNATIONAL GRW FD #17				HAIGX					
INSTITUTIONAL CLASS									
03/08 - 01/09									
	5,340 359	\$62,839.97	\$55,539 73	\$10 40	-\$7,300 24	5 14%	4 11%	\$561	1 01%
HARBOR INTERNATIONAL FUND FD#11				HAIXX					
INSTITUTIONAL CLASS									
10/09 - 10/09									
	582.977	\$30,000 00	\$29,947.53	\$51 37	-\$52 47	2 77%	2 21%	\$411	1 37%
HARDING LOEVNER FDS INC				HLEMX					
EMERGING MKTS									
10/09 - 10/09									
	497 141	\$20,000.00	\$20,228 67	\$40 69	\$228 67	1 87%	1 50%	\$63	0 31%



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ACCOUNT STATEMENT

THE DILLON FOUNDATION

Statement Period 01/01/2010 through 01/31/2010
Account Number 46 P0-4339-00-1

STATEMENT OF INVESTMENT POSITION CONTINUED

Acq. Date	Range	Quantity	Tax Cost	Market Value	Ticker Price	Unrealized Gain/Loss	% of Asset Category	% of Account	Projected Annual Income	Yield
VANGUARD INTL EQUITY INDEX FD INC EMERGING MARKETS ETF 11/08 - 01/09										
		800 000	\$18,351 80	\$30,592 00	\$38 24	\$12,240 20	2 83%	2 26%	\$436	1 42%
TOTAL INTERNATIONAL MARKETS										
			\$204,999 44	\$210,647 64		\$5,648 20	19 51%	15 57%	\$2,489	1 18%
TOTAL EQUITIES										
			\$1,075,850 63	\$1,079,650 45		\$3,799 82	100 00%	79 83%	\$12,576	1 16%
FIXED INCOME										
TAXABLE FIXED INCOME										
TAXABLE FUNDS										
ALLEGiant INTERMEDIATE BOND FUND CLASS I #407 10/08 - 12/08										
		2,834 365	\$28,875.74	\$31,858 26	\$11 24	\$2,982 52	16 40%	2 36%	\$1,080	3 39%
ISHARES IBOXX \$ INVESTMENT GRADE CORP BOND FD 03/08 - 01/09										
		160 000	\$15,820 31	\$16,872 00	\$105 45	\$1,051.69	8 69%	1.25%	\$916	5 43%
PIMCO TOTAL RETURN INSTL FUND #35 10/09 - 10/09										
		2,739 726	\$30,000 00	\$30,027 40	\$10 96	\$27 40	15 46%	2 22%	\$1,625	5 41%
VANGUARD BD INDEX FD INC TOTAL BD MARKET ETF 06/08 - 01/09										
		725 000	\$55,027 40	\$57,710 00	\$79 60	\$2,682 60	29 70%	4 27%	\$2,220	3 85%
VANGUARD INFLATION-PROTECTED SECURITIES FD #119 10/09 - 10/09										
		1,593 625	\$20,000 00	\$20,302 78	\$12 74	\$302 78	10 45%	1 50%	\$341	1 68%
VANGUARD SHORT TERM INV GD FD #39 10/08 - 01/09										
		3,503 450	\$34,152 15	\$37,486 92	\$10 70	\$3,334 77	19.30%	2 77%	\$1,447	3 86%
TOTAL TAXABLE FUNDS										
			\$183,875 60	\$194,257 36		\$10,381 76	100 00%	14 36%	\$7,629	3 93%
TOTAL TAXABLE FIXED INCOME										
			\$183,875 60	\$194,257 36		\$10,381 76	100 00%	14 36%	\$7,629	3 93%
TOTAL FIXED INCOME										
			\$183,875 60	\$194,257 36		\$10,381 76	100 00%	14 36%	\$7,629	3 93%

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ACCOUNT STATEMENT

THE DILLON FOUNDATION

Statement Period 01/01/2010 through 01/31/2010
Account Number 46 P0-4339-00-1

STATEMENT OF INVESTMENT POSITION CONTINUED

Acq. Date	Quantity	Tax Cost	Market Value	Ticker Price	Unrealized Gain/Loss	% of Asset Category	% of Account	Projected Annual Income	Yield
ALTERNATIVE INVESTMENTS									
BARCLAYS COMMODITY NOTE									
20% BUFFER, 125% PARTICIPATION									
MATURITY 3/5/13 ISSUED 2/29/08									
06/08 - 06/08									
	30,000 000	\$30,540 00	\$23,955 00	\$79 85	-\$6,585 00	48.07%	1 77%		
CREDIT SUISSE ABSOLUTE RETURN NOTE									
0% BUFFER 325% PARTICIPATION									
MATURITY 7/19/12 ISSUED 6/27/08									
06/08 - 06/08									
	15,000 000	\$15,000 00	\$14,940 00	\$99 60	-\$60.00	29 98%	1 10%		
JP MORGAN ABSOLUTE RETURN NOTE									
0% BUFFER 260% PARTICIPATION									
MATURITY 7/2/13 ISSUED 6/27/08									
06/08 - 06/08									
	15,000 000	\$15,000 00	\$10,938 00	\$72 92	-\$4,062 00	21 95%	0 81%		
TOTAL ALTERNATIVE INVESTMENTS									
		\$60,540 00	\$49,833 00		-\$10,707 00	100 00%	3 68%		
CASH AND CASH EQUIVALENTS									
CASH EQUIVALENTS - TAXABLE									
ALLEGiant MONEY MARKET FUND I SHARES									
09/09 - 01/10									
	50,031 010	\$50,031 01	\$50,031 01	\$1 00		173 53%	3 70%	\$50	0 10%
CASH									
PRINCIPAL CASH									
		-\$21,200 36	-\$21,200 36			-73 53%	-1 57%		
TOTAL CASH AND CASH EQUIVALENTS									
		\$28,830 65	\$28,830 65			100 00%	2 13%	\$50	0 17%
TOTAL PORTFOLIO									
		\$1,349,096 88	\$1,352,571 46		\$3,474 58	100 00%	100 00%	\$20,255	1 50%