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## Return of Organization Exempt From Income Tax

2009

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code  
(except black lung benefit trust or private foundation)Department of the Treasury  
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

Open to Public Inspection

For the 2009 calendar year, or tax year beginning 5/01, 2009, and ending 4/30, 2010

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> THE SALEM FOUNDATION C/O PIONEER TRUST BANK, PO BOX 2305 SALEM, OR 97308	<b>D</b> Employer Identification Number 93-6018523
		<b>E</b> Telephone number (503) 363-3136
<b>F</b> Name and address of principal officer SAME AS C ABOVE		<b>G</b> Gross receipts \$ 2,803,317.
<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'No,' attach a list (see instructions)		<b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c) ( 3 ) (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J</b> Website: ▶ N/A		
<b>K</b> Form of organization <input type="checkbox"/> Corporation <input checked="" type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		
<b>L</b> Year of Formation 1930 <b>M</b> State of legal domicile OR		

## Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>THE SALEM FOUNDATION EXISTS FOR THE PURPOSE OF RECEIVING, SAFEGUARDING, AND DISBURSING FUNDS FOR CHARITABLE PURPOSES IN THE VICINITY OF SALEM, OREGON. APPROXIMATELY 81 CHARITABLE ORGANIZATIONS AND 20 COLLEGE STUDENTS BENEFITED DURING THE CURRENT FISCAL YEAR.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	5	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	5	
	5	Total number of employees (Part V, line 2a)	0	
	6	Total number of volunteers (estimate if necessary)	0	
	7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	0.	
	7b	Net unrelated business taxable income from Form 990-T, line 34	0.	
	Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year 2,944,934. Current Year 1,029,834.
		9	Program service revenue (Part VIII, line 2g)	
10		Investment income (Part VIII, column (A), lines 3, 4, and 7d)	290,322. 352,600.	
11		Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	337,653. 300,986.	
12		Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,572,909. 1,683,420.	
13		Grants and similar amounts paid (Part IX, column (A), lines 1-3)	2,235,453. 1,754,728.	
14		Benefits paid to or for members (Part IX, column (A), line 4)		
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	216,494. 220,056.	
16a		Professional fundraising fees (Part IX, column (A), line 11e)		
16b		Total fundraising expenses (Part IX, column (D), line 25) ▶		
Expenses	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	6,830. 458,222.	
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	2,458,777. 2,433,006.	
	19	Revenue less expenses Subtract line 18 from line 12	1,114,132. -749,586.	
	Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Year 18,143,103. End of Year 18,036,812.
21		Total liabilities (Part X, line 26)	26,655. 463,005.	
22		Net assets or fund balances Subtract line 21 from line 20	18,116,448. 17,573,807.	

## Part II Signature Block

Sign Here	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 officer) is based on all information of which preparer has any knowledge.	
	By: <u>Donnie S. Hindman, Sr.</u> Signature of officer	Date <u>8/18/10</u>
Paid Preparer's Use Only	Preparer's signature ▶ <u>Betty H. Wiley</u>	Date <u>8/13/10</u>
	Firm's name (or yours if self-employed), address, and ZIP + 4 <u>HOOTS, BAKER &amp; WILEY, P.C.</u> <u>888 MADISON ST NE</u> <u>SALEM, OR 97303-7111</u>	Check if self-employed <input type="checkbox"/> Preparer's identifying number (see instructions) <u>P00040730</u>
	EIN ▶ <u>93-0611726</u> Phone no ▶ <u>(503) 585-1782</u>	

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

BAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

TEEA0113L 12/29/09 Form 990 (2009)

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**Part III Statement of Program Service Accomplishments**

1 Briefly describe the organization's mission:

SEE SCHEDULE O


2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No


If 'Yes,' describe these new services on Schedule O


3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If 'Yes,' describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:  ) (Expenses \$ 2,195,605. including grants of \$ 1,744,897. ) (Revenue \$ 1,029,834. )  
CHARITABLE DISTRIBUTIONS WERE MADE TO 81 TAX-EXEMPT ORGANIZATIONS IN THE VICINITY OF  
SALEM, OREGON.

4b (Code:  ) (Expenses \$ 9,831. including grants of \$ 9,831. ) (Revenue \$ )  
COLLEGE SCHOLARSHIPS WERE AWARDED TO 20 STUDENTS IN THE SALEM AREA.

4c (Code:  ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services (Describe in Schedule O )

(Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses ▶ 2,205,436.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I		X
4 <b>Section 501(c)(3) organizations</b> Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II		X
5 <b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If 'Yes,' complete Schedule C, Part III		
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I	X	
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If 'Yes,' complete Schedule D, Part V	X	
11 Is the organization's answer to any of the following questions 'Yes'? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
• Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI		
• Did the organization report an amount for investments— other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VII		
• Did the organization report an amount for investments— program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VIII		
• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part IX		
• Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X		
• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If 'Yes,' complete Schedule D, Part X		
12 Did the organization obtain separate, independent audited financial statement for the tax year? If 'Yes,' complete Schedule D, Parts XI, XII, and XIII	X	
12A Was the organization included in consolidated, independent audited financial statement for the tax year? If 'Yes,' completing Schedule D, Parts XI, XII, and XIII is optional	Yes	No
		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If 'Yes,' complete Schedule F, Part I		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Part II		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If 'Yes,' complete Schedule F, Part III		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III		X
20 Did the organization operate one or more hospitals? If 'Yes,' complete Schedule H		X

**Part IV Checklist of Required Schedules (continued)**

		Yes	No
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If 'Yes,' complete Schedule I, Parts I and II	X	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If 'Yes,' complete Schedule I, Parts I and III	X	
23	Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If 'Yes,' complete Schedule J	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, and that was issued after December 31, 2002? If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25		X
24b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
24c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
24d	Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If 'Yes,' complete Schedule L, Part I		X
25b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If 'Yes,' complete Schedule L, Part I		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If 'Yes,' complete Schedule L, Part II		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If 'Yes,' complete Schedule L, Part III		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
28a	A current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV		X
28b	A family member of a current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV		X
28c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? If 'Yes,' complete Schedule L, Part IV		X
29	Did the organization receive more than \$25,000 in non-cash contributions? If 'Yes,' complete Schedule M	X	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If 'Yes,' complete Schedule M		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If 'Yes,' complete Schedule N, Part I		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If 'Yes,' complete Schedule N, Part II		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Schedule R, Part I		X
34	Was the organization related to any tax-exempt or taxable entity? If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1		X
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' complete Schedule R, Part V, line 2		X
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If 'Yes,' complete Schedule R, Part V, line 2		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If 'Yes,' complete Schedule R, Part VI		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	X	

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Form 990 (2009)

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

		Yes	No
1 a	Enter the number reported in Box 3 of form 1096, Annual Summary and Transmittal of U S Information Returns. Enter -0- if not applicable.	0	
1 b	Enter the number of Forms W-2G included in line 1 a. Enter -0- if not applicable.	0	
1 c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2 a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	0	
2 b	If at least one is reported on line 2 a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1 a and 2 a is greater than 250, you may be required to e-file this return (see instructions).		
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
3 b	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O.		
4 a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? b If 'Yes,' enter the name of the foreign country: _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		X
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5 b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5 c	If 'Yes,' to line 5 a or 5 b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
6 a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		X
6 b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7 a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
7 b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?		
7 c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7 d	If 'Yes,' indicate the number of Forms 8282 filed during the year.		
7 e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7 f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7 g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
7 h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9 a	Did the organization make any taxable distributions under section 4966?		
9 b	Did the organization make any distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10 a	Initiation fees and capital contributions included on Part VIII, line 12.		
10 b	Gross Receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11 a	Gross income from other members or shareholders.		
11 b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12 a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12 b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year.		

**Part VI** **Governance, Management and Disclosure** For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

**Section A. Governing Body and Management**

	Yes	No
1a Enter the number of voting members of the governing body	5	
1b Enter the number of voting members that are independent	5	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee? SEE SCHEDULE O	X	
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4 Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		X
5 Did the organization become aware during the year of a material diversion of the organization's assets?		X
6 Does the organization have members or stockholders?		X
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		X
7b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	X	
b Each committee with authority to act on behalf of the governing body?	X	
9 Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code)

	Yes	No
10a Does the organization have local chapters, branches, or affiliates?		X
b If 'Yes,' does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
11 Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?		X
11A Describe in Schedule O the process, if any, used by the organization to review this Form 990 SEE SCHEDULE O		
12a Does the organization have a written conflict of interest policy? If 'No,' go to line 13		X
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done		
13 Does the organization have a written whistleblower policy?		X
14 Does the organization have a written document retention and destruction policy?		X
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official		X
b Other officers of key employees of the organization		X
If 'Yes' to line 15a or 15b, describe the process in Schedule O (See instructions)		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b If 'Yes,' has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosures**

17 List the states with which a copy of this Form 990 is required to be filed OR

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public SEE SCHEDULE O

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization  
PIONEER TRUST BANK, NA 109 COMMERCIAL ST NE SALEM OR 97301 (503) 363-3136





**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (cont.)**

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1 b Total</b>								220,056.	0.	0.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **1**

3 Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? If 'Yes,' complete Schedule J for such individual

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If 'Yes,' complete Schedule J for such individual

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? If 'Yes,' complete Schedule J for such person

	Yes	No
3		X
4	X	
5		X

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of Services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **0**

**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS</b>	1 a Federated campaigns	1 a					
	b Membership dues	1 b					
	c Fundraising events	1 c					
	d Related organizations	1 d					
	e Government grants (contributions)	1 e					
	f All other contributions, gifts, grants, and similar amounts not included above	1 f 1,029,834.					
	g Noncash contribns included in lns 1a-1f.	\$ 255,891.					
h Total. Add lines 1a-1f			1,029,834.				
<b>PROGRAM SERVICE REVENUE</b>	Business Code						
	2 a						
	b						
	c						
	d						
	e						
	f All other program service revenue						
g Total. Add lines 2a-2f							
<b>OTHER REVENUE</b>	3 Investment income (including dividends, interest and other similar amounts)		412,172.			412,172.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	(i) Real (ii) Personal						
	6 a Gross Rents	821,747.					
	b Less rental expenses	520,761.					
	c Rental income or (loss)	300,986.					
	d Net rental income or (loss)	300,986.				300,986.	
	(i) Securities (ii) Other						
	7 a Gross amount from sales of assets other than inventory	539,564.					
	b Less. cost or other basis and sales expenses	599,136.					
	c Gain or (loss)	-59,572.					
	d Net gain or (loss)	-59,572.				-59,572.	
	8 a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18		a				
	b Less direct expenses	b					
	c Net income or (loss) from fundraising events						
	9 a Gross income from gaming activities See Part IV, line 19		a				
	b Less direct expenses	b					
	c Net income or (loss) from gaming activities						
	10 a Gross sales of inventory, less returns and allowances		a				
b Less cost of goods sold	b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue Business Code							
11 a							
b							
c							
d All other revenue							
e Total. Add lines 11a-11d							
12 Total revenue. See instructions			1,683,420.	0.	0.	653,586.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21	1,744,897.	1,744,897.		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	9,831.	9,831.		
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	220,056.	0.	220,056.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages				
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees)				
a Management				
b Legal	2,840.		2,840.	
c Accounting	2,750.		2,750.	
d Lobbying				
e Prof fundraising svcs. See Part IV, ln 17				
f Investment management fees				
g Other	1,200.		1,200.	
12 Advertising and promotion				
13 Office expenses	724.		724.	
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a IRC SEC 481A ADJUSTMENT	450,708.	450,708.		
b				
c				
d				
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	2,433,006.	2,205,436.	227,570.	0.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

BAA

Form 990 (2009)

**Part X** Balance Sheet

		(A) Beginning of year		(B) End of year
<b>ASSETS</b>	1 Cash — non-interest-bearing		1	
	2 Savings and temporary cash investments	1,627,359.	2	1,705,536.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net		4	
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	32,376.	7	56,590.
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	
	10a Land, buildings, and equipment — cost or other basis. Complete Part VI of Schedule D	10a 5,076,925.		
	b Less: accumulated depreciation	10b 1,185,118.	3,832,023.	10c 3,891,807.
	11 Investments — publicly-traded securities	217,002.	11	105,809.
	12 Investments — other securities. See Part IV, line 11	12,427,218.	12	12,216,906.
	13 Investments — program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	7,125.	15	60,164.
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34).	18,143,103.	16	18,036,812.	
<b>LIABILITIES</b>	17 Accounts payable and accrued expenses		17	
	18 Grants payable		18	431,057.
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities. Complete Part X of Schedule D	26,655.	25	31,948.
	26 <b>Total liabilities.</b> Add lines 17 through 25	26,655.	26	463,005.
<b>NET ASSETS OR FUND BALANCES</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29 and lines 33 and 34.</b>			
	27 Unrestricted net assets	12,980,329.	27	12,499,901.
	28 Temporarily restricted net assets	3,814,244.	28	3,702,728.
	29 Permanently restricted net assets	1,321,875.	29	1,371,178.
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, and equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	18,116,448.	33	17,573,807.
	34 <b>Total liabilities and net assets/fund balances</b>	18,143,103.	34	18,036,812.

BAA

Form 990 (2009)

**Part XI Financial Statements and Reporting**1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other

If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O

d If 'Yes' to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both

☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

BAA

Form 990 (2009)

**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

OMB No 1545-0047

**2009**

Open to Public  
Inspection

Name of the organization

THE SALEM FOUNDATION

Employer identification number

93-6018523

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 ☐ A hospital or cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state \_\_\_\_\_
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☒ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives (1) more than 33-1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions — subject to certain exceptions, and (2) no more than 33-1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a ☐ Type I
  - b ☐ Type II
  - c ☐ Type III — Functionally integrated
  - d ☐ Type III — Other
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f ☐ If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box.
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?		
(ii) a family member of a person described in (i) above?		
(iii) a 35% controlled entity of a person described in (i) or (ii) above?		

h Provide the following information about the supported organizations.

(i) Name of Supported Organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U.S.?		(vii) Amount of Support
			Yes	No	Yes	No	Yes	No	
<b>Total</b>									

**Part II** Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include 'unusual grants'.)	1,382,042.	1,331,716.	2,312,510.	2,944,934.	1,029,837.	9,001,039.
2 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf						0.
3 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.						0.
4 <b>Total.</b> Add lines 1-through 3	1,382,042.	1,331,716.	2,312,510.	2,944,934.	1,029,837.	9,001,039.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						6,718,244.
6 <b>Public support.</b> Subtract line 5 from line 4						2,282,795.

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4	1,382,042.	1,331,716.	2,312,510.	2,944,934.	1,029,837.	9,001,039.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	1,088,274.	1,246,173.	1,429,510.	1,248,257.	1,233,919.	6,246,133.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0.
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						0.
11 <b>Total support.</b> Add lines 7 through 10						15,247,172.
12 Gross receipts from related activities, etc. (see instructions)					12	0.
13 <b>First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ▶ <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f))	14	15.0 %
15 Public support percentage from 2008 Schedule A, Part II, line 14	15	15.8 %
16a <b>33-1/3 support test – 2009.</b> If the organization did not check the box on line 13, and the line 14 is 33-1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b <b>33-1/3 support test – 2008.</b> If the organization did not check a box on line 13, or 16a, and line 15 is 33-1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
17a <b>10%-facts-and-circumstances test – 2009.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ▶ <input checked="" type="checkbox"/>		
b <b>10%-facts-and-circumstances test – 2008.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
18 <b>Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions. ▶ <input type="checkbox"/>		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions and membership fees received (Do not include 'unusual grants'.)						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in a activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 <b>Total.</b> Add lines 1 through 5						
7a Amounts included on lines 1, 2, 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 <b>Public support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 <b>Total support.</b> (add lines 9, 10c, 11, and 12)						
14 <b>First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	%
19a <b>33-1/3 support tests – 2009.</b> If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b <b>33-1/3 support tests – 2008.</b> If the organization did not check a box on line 14 or 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization <input type="checkbox"/>		
20 <b>Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions <input type="checkbox"/>		



**Part IV** **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Provide any other additional information. See instructions

**PART II, LINE 17A - 10% FACTS AND CIRCUMSTANCES TEST - 2009**

THE SALEM FOUNDATION IS A COMMUNITY TRUST WHICH TYPICALLY ATTRACTS LARGE CONTRIBUTIONS FROM FEWER DONORS FOR THE BENEFIT OF THE SALEM, OREGON COMMUNITY. ITS GOVERNING BODY IS REPRESENTATIVE OF THE COMMUNITY; IT MAKES GRANTS AMONG OTHER SECTION 501 (C) (3) ORGANIZATIONS IN THE AREA, AND IT SOLICITS CONTRIBUTIONS AS IS APPROPRIATE TO ITS STANDING IN THE COMMUNITY BY WORD OF MOUTH, PAMPHLETS AND OCCASIONAL PUBLICITY. THE SALEM FOUNDATION DOES NOT ENGAGE IN FUNDRAISING OTHER THAN BY MAKING LOCAL BANKS, LAWYERS AND OTHER PROFESSIONALS IN THE COMMUNITY AWARE OF ITS CHARITABLE PURPOSES IN AND AROUND SALEM. AS IS TYPICAL OF A COMMUNITY TRUST, THE SALEM FOUNDATION MEETS THE 10% FACTS AND CIRCUMSTANCES PUBLIC SUPPORT TEST.

**SCHEDULE D  
(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

THE SALEM FOUNDATION

**Supplemental Financial Statements**

- ▶ Complete if the organization answered 'Yes,' to Form 990,  
Part IV, lines 6, 7, 8, 9, 10, 11, or 12.  
▶ Attach to Form 990. ▶ See separate instructions

OMB No 1545-0047

**2009**Open to Public  
Inspection

Employer identification number

93-6018523

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts** Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year	6	
2 Aggregate contributions to (during year)	255,891.	
3 Aggregate grants from (during year)	931,448.	
4 Aggregate value at end of year	9,255,717.	

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☒ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or for any other purpose conferring impermissible private benefit? ☒ Yes ☐ No

**Part II Conservation Easements** Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easement it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets**

Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition accession and other records, check any of the following that are a significant use of its collection items (check all that apply).

a ☐ Public exhibition

d ☐ Loan or exchange programs

b ☐ Scholarly research

e ☐ Other \_\_\_\_\_

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

**Part IV Escrow and Custodial Arrangements** Complete if organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b If 'Yes,' explain the arrangement in Part XIV and complete the following table

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b If 'Yes,' explain the arrangement in Part XIV.

**Part V Endowment Funds** Complete if organization answered 'Yes' to Form 990, Part IV, line 10.

1a Beginning of year balance

b Contributions

c Net investment earnings, gains, and losses

d Grants or scholarships

e Other expenditures for facilities and programs

f Administrative expenses

g End of year balance

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	1,321,876.	1,070,374.			
b		265,316.			
c	102,824.	28,496.			
d					
e	35,194.	27,508.			
f	18,328.	14,802.			
g	1,371,178.	1,321,876.			

2 Provide the estimated percentage of the year end balance held as

a Board designated or quasi-endowment ▶ \_\_\_\_\_ %

b Permanent endowment ▶ 100.00 %

c Term endowment ▶ \_\_\_\_\_ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds

SEE PART XIV

**Part VI Investments—Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated Depreciation	(d) Book Value
1a Land	1,239,200.			1,239,200.
b Buildings	3,571,867.		1,126,852.	2,445,015.
c Leasehold improvements	265,858.		58,266.	207,592.
d Equipment				
e Other				

Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c) )

3,891,807.

BAA

Schedule D (Form 990) 2009

**Part VII Investments—Other Securities** See Form 990, Part X, line 12

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other <u>COMMON TRUST FUNDS</u>	12,216,906.	END OF YEAR MARKET VALUE
<b>Total.</b> (Column (b) must equal Form 990 Part X, col. (B) line 12.)	12,216,906.	

**Part VIII Investments—Program Related** (See Form 990, Part X, line 13)

N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
<b>Total.</b> (Column (b) must equal Form 990, Part X, Col. (B) line 13.)		

**Part IX Other Assets** (See Form 990, Part X, line 15)

N/A

(a) Description	(b) Book value
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B), line 15.)	

**Part X Other Liabilities** (See Form 990, Part X, line 25)

(a) Description of Liability	(b) Amount
Federal Income Taxes	
LAST MONTH'S RENT AND SECURITY DEPOSITS	31,948.
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.)	31,948.

2. FIN 48 Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

SEE PART XIV

**Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1,683,420.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2,433,006.
3	Excess or (deficit) for the year Subtract line 2 from line 1	-749,586.
4	Net unrealized gains (losses) on investments	1,245,847.
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	450,708.
8	Other (Describe in Part XIV)	
9	Total adjustments (net) Add lines 4 through 8	1,696,555.
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	946,969.

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements	1	3,450,028.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	1,245,847.
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV) SEE PART XIV	2d	520,761.
e	Add lines 2a through 2d	2e	1,766,608.
3	Subtract line 2e from line 1	3	1,683,420.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	1,683,420.

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements	1	2,503,059.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	-450,708.
c	Other losses	2c	
d	Other (Describe in Part XIV) SEE PART XIV	2d	520,761.
e	Add lines 2a through 2d	2e	70,053.
3	Subtract line 2e from line 1	3	2,433,006.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investments expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	2,433,006.

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART V, LINE 4 - INTENDED USES OF ENDOWMENT FUND**

THE TRUSTEE INVESTS, MANAGES, AND DISTRIBUTES ENDOWMENT FUNDS SUBJECT TO THE

FOUNDATION'S GOVERNING DOCUMENTS AND THE OREGON UNIFORM PRUDENT MANAGEMENT OF

INSTITUTIONAL FUNDS ACT (UPMIFA). THE GOVERNING DOCUMENTS PROVIDE THAT UP TO 4% OF

THE CORPUS OF ANY ONE OR MORE OF THE ENDOWMENT FUNDS IN ANY ONE CALENDAR YEAR MAY BE

APPROPRIATED FOR DISTRIBUTION. THE INVESTMENT POLICY CONSIDERS THE NEEDS AND

OBJECTIVES OF EACH FUND AND ATTEMPTS TO MAXIMIZE TOTAL RETURN CONSISTENT WITH AN

ACCEPTABLE LEVEL OF RISK. ENDOWMENT ASSETS ARE INVESTED IN A WELL-DIVERSIFIED ASSET

**Part XIV** Supplemental Information (continued)**PART V, LINE 4 - INTENDED USES OF ENDOWMENT FUND (CONTINUED)**

MIX THAT IS INTENDED TO RESULT IN AN INFLATION-PROTECTED RATE OF RETURN THAT HAS SUFFICIENT LIQUIDITY TO MAKE AN ANNUAL DISTRIBUTION OF 4% WHILE GROWING THE FUND IF POSSIBLE.

**PART X - FIN 48 FOOTNOTE**

THE SALEM FOUNDATION IS A NON-PROFIT ORGANIZATION AND IS EXEMPT FROM INCOME TAXES UNDER SECTION 501(C) (3) OF THE INTERNAL REVENUE CODE. MANAGEMENT HAS ANALYZED TAX POSITIONS TAKEN ON ITS 2006, 2007, AND 2008 TAX RETURNS, AND THOSE EXPECTED TO BE TAKEN ON ITS 2009 TAX RETURN, AND HAS CONCLUDED THAT NO LIABILITY FOR UNRECOGNIZED TAX BENEFITS SHOULD BE RECORDED RELATED TO UNCERTAIN TAX POSITIONS. MANAGEMENT IS NOT AWARE OF ANY TAX POSITIONS FOR WHICH IT IS REASONABLY POSSIBLE THAT THE TOTAL AMOUNTS OF UNRECOGNIZED TAX BENEFITS WILL CHANGE MATERIALLY IN THE NEXT 12 MONTHS.

## Part XIV Supplemental Information (continued)

This image shows a full page of handwriting practice paper. It features multiple sets of horizontal dashed lines spaced evenly down the page, providing a guide for letter height and placement. The background is white, and there are no margins or additional markings.

2009

SCHEDULE D, PART XIV - SUPPLEMENTAL INFORMATION PAGE 4

THE SALEM FOUNDATION

93-6018523

SCHEDULE D, PART XII, LINE 2D  
OTHER REVENUE INCLUDED IN F/S BUT NOT INCLUDED ON FORM 990

RENTAL EXPENSES NETTED ON FORM 990

TOTAL \$ 520,761.  
\$ 520,761.

SCHEDULE D, PART XIII, LINE 2D  
OTHER EXPENSES AND LOSSES PER AUDITED F/S

RENTAL EXPENSES NETTED ON FORM 990

TOTAL \$ 520,761.  
\$ 520,761.



**SCHEDULE I**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Grants and Other Assistance to Organizations,  
Governments and Individuals in the United States**

Complete if the organization answered 'Yes,' to Form 990, Part IV, lines 21 or 22.  
▶ Attach to Form 990.

OMB No 1545-0047

**2009**

Open to Public Inspection

Name of the organization

**THE SALEM FOUNDATION**

**Part I General Information on Grants and Assistance**

Employer identification number

93-6018523

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States **SEE PART IV**

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ARCHBISHOP FRANCIS BLANCHET SCHO 4373 MARKET ST NE SALEM, OR 97301	93-1171184		50,000.	0.			GENERAL
BENEDICTINE FOUNDATION OF OREGON P O BOX 912 MT ANGEL, OR 97362	93-0768332		55,000.	0.			GENERAL
CATHOLIC COMMUNITY SERVICES FOUN P O BOX 20400 SALEM, OR 97317	93-0388917		725,451.	0.			GENERAL
CATHOLIC COMMUNITY SERVICES P O BOX 20400 SALEM, OR 97307	93-0903773		175,000.	0.			GENERAL
CATHOLIC RELIEF SERVICES P O BOX 17152 BALTIMORE, MD 21298	13-5563422		6,000.	0.			GENERAL
CHEMOKETA COMMUNITY COLLEGE FOUN P O BOX 14007 SALEM, OR 97309	93-6097106		12,198.	0.			GENERAL
CHRISTIAN COMMUNITY PLACEMENT CE 4890 32ND AVE SE SALEM, OR 97317	94-3112571		21,000.	0.			GENERAL
CISTERCIAN TRAPPIST ABBEY P O BOX 97 LAFAYETTE, OR 97127	53-0196617		25,000.	0.			GENERAL

2 Enter total number of section 501(c)(3) and government organizations

34

3 Enter total number of other organizations

0

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

TEEA3901L 02/10/10

Schedule I (Form 990) 2009

**Part III.** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered 'Yes' to Form 990, Part IV, line 22. Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
COLLEGE SCHOLARSHIPS TO INSTITUTIONS					
F/B/O STUDENTS	20	9,831.			

**Part IV.** Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

**PART I, LINE 2 - GRANTMAKER'S DESCRIPTION OF HOW GRANTS ARE USED**

THE SALEM FOUNDATION VERIFIES THAT THE RECIPIENTS OF GRANTS ARE QUALIFIED 501(C)(3) ORGANIZATIONS AND PROVIDES A LETTER OF INSTRUCTION REGARDING THE USE OF THE GRANTS.

NO FORMAL REPORTS ON THE USE OF GRANTS ARE REQUIRED FROM THE RECIPIENTS.

**SCHEDULE I-1  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Continuation Sheet for Schedule I (Form 990)**

▶ Attach to Form 990 to list additional information for  
Schedule I (Form 990), Part II and Part III.

OMB No 1545-0047

**2009**

Open to Public  
Inspection

Name of the organization

THE SALEM FOUNDATION

Employer identification number

93-6018523

**Part I Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part I.)**

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CITY OF SALEM 555 LIBERTY ST SE SALEM, OR 97301	93-6002249		20,195.				GOVERNMENT ORGANIZATION
CROOK COUNTY UNITED FUND P O BOX 234 PRINEVILLE, OR 97754	23-7327828		10,000.				GENERAL
FAMILY BUILDING BLOCKS, INC. 2425 LANCASTER DR NE SALEM, OR 97305	93-1233373		93,485.				GENERAL
FOOD FOR THE POOR 550 SE 12TH AVE DEERFIELD BEACH, FL 33442	59-2174510		6,000.				GENERAL
GONZAGA UNIVERSITY 502 E. BOONE SPOKANE, WA 99258	91-0236600		18,000.				GENERAL
HOLY FAMILY ACADEMY P O BOX 842 MT ANGEL, OR 97362	93-1113346		5,750.				GENERAL
JESUIT SCHOOL OF THEOLOGY 1735 LE ROY AVENUE BERKELEY, CA 94709	94-1156462		18,000				GENERAL
MOUNT ANGEL ABBEY ONE ABBEY DRIVE ST BENEDICT, OR 97373	93-0386869		74,000.				GENERAL
NORTH SALEM HIGH BOOSTER CLUB 765 14TH ST NE SALEM, OR 97301	94-3065351		10,000.				GENERAL
OREGON CHILDREN'S FOUNDATION 219 NW 12TH AVE, STE 203 PORTLAND, OR 97209	93-1051724		10,000.				GENERAL

**SCHEDULE I-1  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Continuation Sheet for Schedule I (Form 990)**

▶ Attach to Form 990 to list additional information for  
Schedule I (Form 990), Part II and Part III.

OMB No 1545-0047

**2009**

Open to Public  
Inspection

Name of the organization

THE SALEM FOUNDATION

Employer identification number

93-6018523

Part I Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part I.)						
(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance
OREGON DEPARTMENT OF EDUCATION 700 CHURCH ST SE SALEM, OR 97301	93-6001954		16,711.			GOVERNMENT ORGANIZATION
OREGON STATE UNIVERSITY FOUNDATI 707 SW WASHINGTON #500 PORTLAND, OR 97205	93-6022772		20,000.			GENERAL
SAINT FRANCIS SHELTER 1820 BERRY ST SE SALEM, OR 97302	93-0943539		14,758.			GENERAL
SALEM HOSPITAL FOUNDATION P O BOX 14001 SALEM, OR 97309	23-7002687		24,625.			GENERAL
SALEM INTERFAITH HOSPITALITY NET 1055 EDGEWATER ST NW SALEM, OR 97304	93-1234367		8,000			GENERAL
SALEM PARKS FOUNDATION P O BOX 5764 SALEM, OR 97304	93-1300126		10,612.			GENERAL
SALEM-KEIZER PUBLIC SCHOOLS P O BOX 12024 SALEM, OR 97309	93-6000763		10,057.			GOVERNMENT ORGANIZATION
SHANGRI-LA CORPORATION 4080 REED RD, STE 150 SALEM, OR 97302	93-0509414		27,000.			GENERAL
ST JOSEPH CATHOLIC CHURCH 721 CHEMEKETA STREET NE SALEM, OR 97301	93-0399053		12,000.			GENERAL
ST VINCENT DE PAUL SOCIETY P O BOX 7864 SALEM, OR 97303	93-0464194		5,800.			GENERAL

► **Attach to Form 990 to list additional information for Schedule I (Form 990), Part II and Part III.**

Department of the Treasury  
Internal Revenue Service

**Open to Public Inspection**

Name of the organization

Employer identification number

THE SALEM FOUNDATION

93-6018523

[illegible]

**SCHEDULE J**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees

- Complete if the organization answered 'Yes' to Form 990, Part IV, line 23.  
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

**2009**

Open to Public  
Inspection

Name of the organization

THE SALEM FOUNDATION

Employer identification number

93-6018523

**Part I Questions Regarding Compensation**

**1 a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If 'No,' complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

- |  |  |
|--|--|
| <input type="checkbox"/> Compensation committee              | <input checked="" type="checkbox"/> Written employment contract          |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:

**a** Receive a severance payment or change-of-control payment?

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If 'Yes' to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

**a** The organization?

**b** Any related organization?

If 'Yes' to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

**a** The organization?

**b** Any related organization?

If 'Yes' to line 6a or 6b, describe in Part III

**7** For person listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If 'Yes,' describe in Part III

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If 'Yes,' describe in Part III

**9** If 'Yes' to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1 a		
1 b		
2		
3		
4 a		X
4 b		X
4 c		X
5 a		X
5 b		X
6 a		X
6 b		X
7		X
8		X
9		X

BAA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2009



**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Area with horizontal dashed lines for supplemental information.



**SCHEDULE M**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Noncash Contributions**

► Complete if the organizations answered 'Yes'  
on Form 990, Part IV, lines 29 or 30.  
► Attach to Form 990.

OMB No 1545-0047

**2009**

**Open To Public  
Inspection**

Name of the organization

THE SALEM FOUNDATION

Employer identification number

93-6018523

**Part I Types of Property**

	(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	1	255,891.	FMV
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution— Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► ( )				
26 Other ► ( )				
27 Other ► ( )				
28 Other ► ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

b If 'Yes,' describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b If 'Yes,' describe in Part II

SEE PART II

33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II

	Yes	No
30 a		X
31	X	
32 a	X	

**Part II** **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

**PART I, LINE 32 - HIRE AND USE OF THIRD PARTIES**

THE SALEM FOUNDATION, THROUGH ITS TRUSTEE, PIONEER TRUST BANK, N.A., USES A LICENSED  
BROKERAGE TO SELL PUBLICLY-TRADED SECURITIES.

**SCHEDULE O**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990**

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990.

OMB No 1545-0047

**2009**

Open to Public  
Inspection

Name of the organization

THE SALEM FOUNDATION

Employer identification number

93-6018523

**CHANGE OF ACCOUNTING METHOD**

THE SALEM FOUNDATION HAS REPORTED ITS FORM 990 INFORMATION ON THE CASH BASIS.

EFFECTIVE WITH THE CURRENT FORM 990 FOR THE YEAR ENDED APRIL 30, 2010, THE SALEM

FOUNDATION IS REPORTING ITS FORM 990 INFORMATION ON THE ACCRUAL BASIS. THIS IS

CONSISTENT WITH ITS FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING

PRINCIPLES. FORM 3115 IS FILED WITH FORM 990, AND A COPY PROVIDED TO INTERNAL

REVENUE SERVICE IN ACCORDANCE WITH REV. PROC. 2008-52, SEC. 6.02(7).

**RECONCILIATION OF NET ASSETS**

NET ASSETS AT 4/30/09 WERE \$18,116,448. REVENUE LESS EXPENSES FOR THE YEAR ENDED

4/30/10 WAS (\$749,586). A FURTHER ADJUSTMENT OF \$206,945 IS NECESSARY FOR PRIOR

YEAR UNRECOGNIZED GAINS AND LOSSES TO ARRIVE AT THE NET ASSETS AT 4/30/10 OF

\$17,573,807.

**FORM 990, PART III, LINE 1 - ORGANIZATION MISSION**

THE SALEM FOUNDATION EXISTS FOR THE PURPOSE OF RECEIVING, SAFEGUARDING, AND

DISBURSING FUNDS FOR CHARITABLE PURPOSES IN THE VICINITY OF SALEM, OREGON.

APPROXIMATELY 81 CHARITABLE ORGANIZATIONS AND 20 COLLEGE STUDENTS BENEFITED DURING

THE CURRENT FISCAL YEAR.

**FORM 990, PART VI, LINE 2 - BUSINESS OR FAMILY RELATIONSHIP OF OFFICERS, DIRECT**

DISTRIBUTION COMMITTEE MEMBER JILL MUNGER IS A MINORITY SHAREHOLDER IN PIONEER TRUST

BANK, N.A, WHICH SERVES AS TRUSTEE OF THE SALEM FOUNDATION. JILL'S FATHER, WILLIAM

MEIER, IS ALSO A MINORITY SHAREHOLDER AND FORMERLY WAS AN EXECUTIVE OFFICER AND

BOARD MEMBER OF PIONEER TRUST BANK, N.A. JILL'S BROTHER, KENT MEIER, IS ALSO A

MINORITY SHAREHOLDER AND CURRENTLY IS ON THE BOARD OF DIRECTORS OF PIONEER TRUST

BANK, N.A. JILL WAS APPOINTED TO THE COMMITTEE AFTER DUE LEGAL AND BOARD

CONSIDERATION OF FAMILY AND OWNERSHIP RELATIONS WITH PIONEER TRUST BANK, N.A.

Name of the organization

THE SALEM FOUNDATION

Employer identification number

93-6018523

**FORM 990, PART VI, LINE 11 - FORM 990 REVIEW PROCESS**

DESIGNATED OFFICERS OF TRUSTEE REVIEW FORM 990 BEFORE FILING.

**FORM 990, PART VI, LINE 19 - OTHER ORGANIZATION DOCUMENTS PUBLICLY AVAILABLE**

UPON REQUEST.

Name of the organization

THE SALEM FOUNDATION

Employer identification number

93-6018523

**BAA**

# Application for Change in Accounting Method

OMB No 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)		Identification number (see instructions) <b>93-6018523</b>	
THE SALEM FOUNDATION		Principal business activity code number (see instructions)	
Number, street, and room or suite no. If a P.O. box, see the instructions <b>C/O PIONEER TRUST BANK, PO BOX 2305</b>		Tax year of change begins (MM/DD/YYYY) <b>5/01/2009</b>	
City or town, state, and ZIP Code <b>SALEM, OR 97308</b>		Tax year of change ends (MM/DD/YYYY) <b>4/30/2010</b>	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)		Name of contact person (see instructions) <b>MICHAEL COMPTON</b>	
		Contact person's telephone number <b>503-363-3136</b>	

If the applicant is a member of a consolidated group, check this box ☐

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box ☐

<b>Check the box to indicate the applicant.</b> <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Controlled foreign corporation (Section 957) <input type="checkbox"/> 10/50 corporation (Section 904(d)(2)(E)) <input type="checkbox"/> Qualified personal service corporation (Section 448(d)(2)) <input checked="" type="checkbox"/> Exempt organization Enter Code section <b>501 C 3</b>	<input type="checkbox"/> Cooperative (Section 1381) <input type="checkbox"/> Partnership <input type="checkbox"/> S corporation <input type="checkbox"/> Insurance company (Section 816(a)) <input type="checkbox"/> Insurance company (Section 831) <input type="checkbox"/> Other (specify) _____	<b>Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)</b> <input type="checkbox"/> Depreciation or Amortization <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions <input checked="" type="checkbox"/> Other (specify) <b>CASH TO ACCRUAL</b>
--	--	---

**Caution:** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested. The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request		Yes	No
1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check 'Other,' and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No <b>30</b> (b) Other <input type="checkbox"/> Description ▶ _____		<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Do any of the scope limitations described in section 4.02 of Rev Proc 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If 'Yes,' attach an explanation.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Note:</b> Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).			
Part II Information for All Requests		Yes	No
3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If 'Yes,' the applicant is not eligible to make the change under automatic change request procedures.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If 'No,' go to line 5.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Signature (see instructions)

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

Filer

Preparer (other than filer/applicant)

Signature and date

Signature of individual preparing the application and date

Name and title (print or type)

Name of individual preparing the application (print or type)

**HOOTS, BAKER & WILEY, P.C.**  
**888 MADISON ST NE**  
**SALEM, OR 97303-7111**

Name of firm preparing the application

**Part II Information For All Requests** (continued)

	Yes	No
<b>4c</b> Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?		
<b>d</b> Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If 'Yes,' attach the consent statement from the director		
<b>e</b> Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If 'Yes,' check the box for the applicable window period and attach the required statement (see instructions) <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day Date examination ended ▶ _____		
<b>f</b> If you answered 'Yes' to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____		
<b>g</b> Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?		
<b>5a</b> Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If 'Yes,' enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, and the tax year(s) before Appeals and/or a Federal court Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____		X
<b>b</b> Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?		
<b>c</b> Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If 'Yes,' attach an explanation		
<b>6</b> If the applicant answered 'Yes' to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court		
<b>7</b> If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If 'Yes,' the applicant is <b>not</b> eligible to make the change		X
<b>8a</b> Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)? <b>b</b> If 'Yes,' attach an explanation		
<b>9a</b> Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?		X
<b>b</b> If 'Yes,' for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent		
<b>c</b> If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was sent to the taxpayer but was not signed and returned to the IRS, or if the change was not made or not made in the requested year of change, attach an explanation		
<b>10a</b> Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?		X
<b>b</b> If 'Yes,' for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s)		
<b>11</b> Is the applicant requesting to change its <b>overall</b> method of accounting?	X	
If 'Yes,' check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form		
<b>Present method:</b> <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
<b>Proposed method:</b> <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		

**Part II Information For All Requests** (continued)

	Yes	No
12 If the applicant is either (i) <b>not</b> changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following		
a The item(s) being changed		
b The applicant's present method for the item(s) being changed		
c The applicant's proposed method for the item(s) being changed.		
d The applicant's present overall method of accounting (cash, accrual, or hybrid)		
13 Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe whether each trade or business is accounted for separately, the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income, the overall method of accounting for each trade or business, and which trade or business is requesting to change its accounting method as part of this application or a separate application <b>SEE ATTACHMENT 1</b>		
14 Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions If 'No,' attach an explanation	X	
15a Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)?		X
b If 'Yes,' for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application		
16 Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response?		X
17 If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.		
1st preceding year ended mo yr	2nd preceding year ended mo yr	3rd preceding year ended mo yr
\$	\$	\$

**Part III Information For Advance Consent Request**

	Yes	No
18 Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If 'Yes,' attach an explanation describing why the applicant is submitting its request under advance consent request procedures		
19 Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists		
20 Attach a copy of all documents related to the proposed change (see instructions)		
21 Attach a statement of the applicant's reasons for the proposed change		
22 If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If 'No,' attach an explanation		
23 a Enter the amount of <b>user fee</b> attached to this application (see instructions) ▶ \$		
b If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions)		

**Part IV Section 481(a) Adjustment**

	Yes	No
24 Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? If 'Yes,' do not complete lines 25, 26, and 27 below		X
25 Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income ▶ \$ <u>-450,708</u> . Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant <b>SEE ATTACHMENT 2</b>		

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Form 3115 (Rev 12-2009)



**Part IV Section 481(a) Adjustment**

26 If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change?

Yes	No
	X

27 Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties?

Yes	No
	X

If 'Yes', attach an explanation

**Schedule A – Change in Overall Method of Accounting** (If Schedule A applies, Part I below must be completed )**Part I Change in Overall Method** (see instructions)

1 Enter the following amounts as of the close of the tax year preceding the year of change. If none, state 'None'. Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g

SEE ATTACHMENT 3

- a Income accrued but not received
- b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method
- c Expenses accrued but not paid (such as accounts payable)
- d Prepaid expenses previously deducted
- e Supplies on hand previously deducted and/or not previously reported
- f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II
- g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment
- h **Net section 481(a) adjustment** (Combine lines 1a – 1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25

Amount	
\$	14,959.
	NONE
	-465,667.
	NONE
	NONE
	NONE
	NONE
\$	-450,708.

2 Is the applicant also requesting the recurring item exception under section 461(h)(3)?

☒ Yes ☐ No

3 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

**Part II Change to the Cash Method For Advance Consent Request** (see instructions)

Applicants requesting a change to the cash method must attach the following information

- 1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business
- 2 An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations

**Schedule B – Change in Reporting Advance Payments** (see instructions)

1 If the applicant is requesting to change to the Deferral Method for advance payments described in section 502 of Rev Proc 2004-34, 2004-1 CB 991, attach the following information

- a A statement explaining how the advance payments meet the definition in section 201 of Rev Proc 2004-34
- b If the applicant is filing under the automatic change procedures of Rev Proc 2008-52, the information required by section 802(3)(a)-(c) of Rev Proc 2004-34
- c If the applicant is filing under the advance consent provisions of Rev Proc 97-27, the information required by section 803(2)(a)-(f) of Rev Proc 2004-34
- 2 If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following
- a A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1)
- b A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3)
- c A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii)
- d A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income

**Schedule C – Changes Within the LIFO Inventory Method** (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970, Application To Use LIFO Inventory Method**, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a Valuing inventory (e.g., unit method or dollar-value method)
  - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc)
  - c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc)
  - d Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method)
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

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**Part III** **Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 ( see the instructions ) )

### Section A – Allocation and Capitalization Methods

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method)
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method)
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method)

### Section B – Direct and Indirect Costs Required To Be Allocated

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark 'N/A' in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

BAA

Form 3115 (Rev 12-2009)

**Part III Method of Cost Allocation** (see instructions) (continued)**Section C – Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs )

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses		
2 Research and experimental expenses not included in Section B, line 26		
3 Bidding expenses not included in Section B, line 22		
4 General and administrative costs not included in Section B		
5 Income taxes		
6 Cost of strikes		
7 Warranty and product liability costs		
8 Section 179 costs		
9 On-site storage		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11		
11 Other costs (Attach a list of these costs )		

**Schedule E – Change in Depreciation or Amortization** (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants must provide this information for each item or class of property for which a change is requested.

**Note:** See the *List of Automatic Accounting Method Changes* in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400L, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? ☐ Yes ☐ No  
If 'Yes,' the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii)
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? ☐ Yes ☐ No  
If 'Yes,' enter the applicable section \_\_\_\_\_
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under section 168(f)(1), 179, or 179C)? ☐ Yes ☐ No  
If 'Yes,' state the election made \_\_\_\_\_
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity
- b If the property is residential rental property, did the applicant live in the property before renting it? ☐ Yes ☐ No
- c Is the property public utility property? ☐ Yes ☐ No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc)
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, the following information for both the present (if applicable) and proposed methods:
  - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g))
  - b The applicable asset class from Rev Proc 87-56, 1987-2 CB 674, for each asset depreciated under section 168 (MACRS) or under section 1400L, the applicable asset class from Rev Proc 83-35, 1983-1 CB 745, for each asset depreciated under former section 168 (ACRS), an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant
  - c The facts to support the asset class for the proposed method
  - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1))
  - e The useful life, recovery period, or amortization period of the property
  - f The applicable convention of the property
  - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed

2009

## FORM 3115 ATTACHMENTS

PAGE 1

THE SALEM FOUNDATION

93-6018523

**ATTACHMENT 1**  
**FORM 3115, PART II, LINE 13**  
**DESCRIPTION OF TRADE OR BUSINESS**

COMMUNITY TRUST 501(C) (3)

**ATTACHMENT 2**  
**FORM 3115, PART IV, LINE 25**  
**METHODOLOGY USED TO DETERMINE THE SECTION 481(A) ADJUSTMENT**

ACCRUED INCOME AT THE END OF THE PRECEDING YEAR WAS \$14,949. GRANTS PAYABLE AT THE  
END OF THE PRECEDING YEAR WERE \$465,667.

**ATTACHMENT 3**  
**FORM 3115, SCHEDULE A, PART I**  
**BREAKDOWN OF LINES 1A - 1G**LINE 1A  
ACCRUED INCOME

	\$	14,959.
TOTAL	\$	<u>14,959.</u>

LINE 1C  
GRANTS PAYABLE

	\$	-465,667.
TOTAL	\$	<u>-465,667.</u>

The Salem Foundation

STATEMENTS OF FINANCIAL POSITION

April 30,

ASSETS

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents (note A3)	\$ 1,705,536	\$ 1,627,359
Student loans receivable	56,590	32,377
Investments (notes A4 and C)		
Pioneer Trust Bank Common Trust Funds:		
Fixed Income Fund	6,793,480	6,948,866
Stock Fund	5,423,426	4,437,993
Dividends receivable	45,050	14,959
U.S. Treasury securities	105,809	218,459
Other miscellaneous assets	15,114	7,125
Property and improvements (notes A5 and D)	<u>3,891,807</u>	<u>3,832,022</u>
Total assets	<u>\$ 18,036,812</u>	<u>\$ 17,119,160</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Refundable deposits (note E)	\$ 31,948	\$ 26,655
Grants payable (notes A7 and F)	<u>431,057</u>	<u>465,667</u>
Total liabilities	<u>463,005</u>	<u>492,322</u>

COMMITMENTS (note G)

NET ASSETS (notes A2 and I)

Unrestricted	12,409,860	12,052,678
Temporarily restricted	3,838,704	3,378,831
Permanently restricted	<u>1,325,243</u>	<u>1,195,329</u>
Total net assets	<u>17,573,807</u>	<u>16,626,838</u>
Total liabilities and net assets	<u>\$ 18,036,812</u>	<u>\$ 17,119,160</u>

The accompanying notes are an integral  
part of these statements

The Salem Foundation

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
Year ended April 30,

	2010			
	Unrestricted Net Assets	Temporarily Restricted Assets	Permanently Restricted Assets	Total
CHANGE IN NET ASSETS				
Public support, revenues, gains and reclassifications				
Contributions and donations	\$ 923,840	\$ 105,994	\$	\$ 1,029,834
Dividends and interest	5,629	497	14	6,140
Common trust fund distributions	249,359	116,243	40,430	406,032
Rent	821,573	154		821,727
Miscellaneous revenues		20		20
Realized gains (losses) on investments	( 64,230)	3,508	1,150	( 59,572)
Unrealized gains (losses) on investments	730,974	376,671	138,202	1,245,847
(Loss) on promises to give (note B)				
Net assets released from restrictions (note D)	<u>193,096</u>	( <u>143,214</u> )	( <u>49,882</u> )	<u></u>
Total public support, revenues, gains and reclassifications	<u>2,860,241</u>	<u>459,873</u>	<u>129,914</u>	<u>3,450,028</u>
Expenses				
Program services				
Grants, scholarships and awards	1,754,728			1,754,728
Support services				
General and administrative	4,763			4,763
Audit fees	2,750			2,750
Depreciation	100,986			100,986
Property management fees	17,988			17,988
Real property expenses	401,788			401,788
Trustee fees	<u>220,056</u>			<u>220,056</u>
Total expenses	<u>2,503,059</u>			<u>2,503,059</u>
Change in net assets	357,182	459,873	129,914	946,969
Net assets at beginning of year	<u>12,052,678</u>	<u>3,378,831</u>	<u>1,195,329</u>	<u>16,626,838</u>
Net assets at end of year	<u>\$ 12,409,860</u>	<u>\$ 3,838,704</u>	<u>\$ 1,325,243</u>	<u>\$ 17,573,807</u>



The Salem Foundation

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS - CONTINUED  
Year ended April 30,

	2009			
	Unrestricted Net Assets	Temporarily Restricted Assets	Permanently Restricted Assets	Total
CHANGE IN NET ASSETS				
Public support, revenues, gains and reclassifications				
Contributions and donations	\$ 2,419,171	\$ 5,624	\$ 265,316	\$ 2,690,111
Dividends and interest	18,605	1,993	188	20,786
Common trust fund distributions	236,264	117,436	35,744	389,444
Rent	781,880			781,880
Miscellaneous revenues	25,208	2,161		27,369
Realized gains (losses) on investments	( 78,726)	( 41,687)	( 8,041)	( 128,454)
Unrealized gains (losses) on investments	( 953,305)	( 546,726)	( 171,772)	( 1,671,803)
(Loss) on promises to give (note B)	( 645,178)			( 645,178)
Net assets released from restrictions (note I)	223,190	( 180,880)	( 42,310)	
Total public support, revenues, gains and reclassifications	2,027,109	( 642,079)	79,125	1,464,155
Expenses				
Program services				
Grants, scholarships and awards	2,166,787			2,166,787
Support services				
General and administrative	31,728			31,728
Audit fees	1,477			1,477
Depreciation	98,559			98,559
Property management fees	31,827			31,827
Real property expenses	314,119			314,119
Trustee fees	216,494			216,494
Total expenses	2,860,991			2,860,991
Change in net assets	( 833,882)	( 642,079)	79,125	( 1,396,836)
Net assets at beginning of year	12,886,560	4,020,910	1,116,204	18,023,674
Net assets at end of year	\$ 12,052,678	\$ 3,378,831	\$ 1,195,329	\$ 16,626,838