Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2009

For calendar year 2009, or tax year beginning OCT 1, 2009, and ending SEP 30, 2010

G Check all that apply: [ ] Initial return [ ] Initial return of a former public charity [ ] Final return [ ] Amended return [ ] Address change [ ] Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions

Name of foundation: CLIFTON AND CLARA WARD FOUNDATION

Number and street (or P O box number if mail is not delivered to street address): 7 NORTH LYNNCREST DRIVE

Room/suite:

City or town, state, and ZIP code: CHATTANOOGA, TN 37411-1820

A Employer identification number: 58-1917676

B Telephone number: (423) 756-3000

C If exemption application is pending, check here ▶ [ ]

D 1 Foreign organizations, check here ▶ [ ]

2 Foreign organizations meeting the 85% test, check here and attach computation ▶ [ ]

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ [ ]

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ [ ]

H Check type of organization: [X] Section 501(c)(3) exempt private foundation [ ] Section 4947(a)(1) nonexempt charitable trust [ ] Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶$ 1,689,077.

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

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

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received			N/A	
	2 Check ▶ [X] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	62.	62.		STATEMENT 1
	4 Dividends and interest from securities	31,773.	31,773.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	6,842.			
	b Gross sales price for all assets on line 6a 416,004.				
	7 Capital gain net income (from Part IV, line 2)		6,842.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income	26.	26.		STATEMENT 3
	12 **Total.** Add lines 1 through 11	38,703.	38,703.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees STMT 4	10,400.	0.		10,400.
	b Accounting fees				
	c Other professional fees STMT 5	15,354.	15,354.		0.
	17 Interest				
	18 Taxes STMT 6	126.	126.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	1,511.	0.		1,511.
	22 Printing and publications				
	23 Other expenses STMT 7	20.	0.		20.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	27,411.	15,480.		11,931.
	25 Contributions, gifts, grants paid	75,000.			75,000.
	26 **Total expenses and disbursements** Add lines 24 and 25	102,411.	15,480.		86,931.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-63,708.			
	b **Net investment income** (if negative, enter -0-)		23,223.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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Form **990-PF** (2009)

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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	4,003.	338.	338.
	2 Savings and temporary cash investments	59,848.	47,433.	47,433.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations STMT 8	239,891.	0.	0.
	b Investments - corporate stock STMT 9	764,524.	767,741.	895,969.
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 10	551,731.	740,777.	745,337.
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers)	1,619,997.	1,556,289.	1,689,077.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ [X] and complete lines 24 through 26 and lines 30 and 31**			
	24 Unrestricted	1,619,997.	1,556,289.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [ ] and complete lines 27 through 31			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances**	1,619,997.	1,556,289.	
	31 **Total liabilities and net assets/fund balances**	1,619,997.	1,556,289.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,619,997.
2	Enter amount from Part I, line 27a	2	-63,708.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	1,556,289.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,556,289.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
b	PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
c	CASH IN LIEU OF FRACTION SHS	P	VARIOUS	VARIOUS
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	211,091.		210,304.	787.
b	204,906.		198,858.	6,048.
c	7.			7.
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a				787.
b				6,048.
c				7.
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7; If (loss), enter -0- in Part I, line 7 }	2	6,842.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8	3	N/A

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

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

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

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

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

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	89,119.	1,427,317.	.062438
2007	94,420.	1,815,135.	.052018
2006	83,759.	2,006,574.	.041742
2005	71,492.	1,869,906.	.038233
2004	76,185.	1,864,170.	.040868

2 Total of line 1, column (d)	2	.235299
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.047060
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	1,607,755.
5 Multiply line 4 by line 3	5	75,661.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	232.
7 Add lines 5 and 6	7	75,893.
8 Enter qualifying distributions from Part XII, line 4	8	86,931.

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

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

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ______ (attach copy of letter if necessary-see instructions)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ [X] and enter 1% of Part I, line 27b			1	232.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			2	0.
3 Add lines 1 and 2			3	232.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			4	0.
5 **Tax based on investment income** Subtract line 4 from line 3. If zero or less, enter -0-			5	232.
6 Credits/Payments:				
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	285.		
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c			
d Backup withholding erroneously withheld	6d			
7 Total credits and payments. Add lines 6a through 6d			7	285.
8 Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached			8	
9 **Tax due** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10 **Overpayment** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	53.
11 Enter the amount of line 10 to be **Credited to 2010 estimated tax** ▶ 53. **Refunded** ▶			11	0.

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?	1b		X
If the answer is "Yes" to **1a** *or* **1b**, *attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ TN			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A | Statements Regarding Activities *(continued)*

		Line	Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ GLENN C. STOPHEL Telephone no. ▶ (423)756-3000

Located at ▶ 1000 TALLAN BLDG, 2 UNION SQUARE, CHATTANOOGA, TN ZIP+4 ▶ 37402-2500

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ | 15 | N/A

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

	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Line	Yes	No
1a	During the year did the foundation (either directly or indirectly):				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?	N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)).				
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	☐ Yes ☒ No			
	If "Yes," list the years ▶ ______ , ______ , ______ , ______				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions)	N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ ______ , ______ , ______ , ______				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2009 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009)*	N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?		4b		X

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

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

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

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

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

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? N/A | 5b |

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

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

If "Yes," attach the statement required by Regulations section 53 4945-5(d)

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 6b | | X

If "Yes" to 6b, file Form 8870

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

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? N/A | 7b |

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 11		0.	0.	0.

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

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

Total number of other employees paid over $50,000 ▶ 0

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** *(continued)*

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A **Summary of Direct Charitable Activities**

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

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ▶	0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	1,515,304.
b	Average of monthly cash balances	1b	116,935.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	1,632,239.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	1,632,239.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	24,484.
5	**Net value of noncharitable-use assets** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,607,755.
6	**Minimum investment return** Enter 5% of line 5	6	80,388.

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

1	Minimum investment return from Part X, line 6	1	80,388.
2a	Tax on investment income for 2009 from Part VI, line 5 — 2a: 232.		
b	Income tax for 2009. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	232.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	80,156.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	80,156.
6	Deduction from distributable amount (see instructions)	6	0.
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	80,156.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	86,931.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	86,931.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	232.
6	**Adjusted qualifying distributions** Subtract line 5 from line 4	6	86,699.

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

Part XIII **Undistributed Income** (see instructions)

		(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7					80,156.
2 Undistributed income, if any, as of the end of 2009					
a Enter amount for 2008 only				0.	
b Total for prior years: ____ , ____ , ____			0.		
3 Excess distributions carryover, if any, to 2009:					
a From 2004					
b From 2005					
c From 2006					
d From 2007	4,689.				
e From 2008	18,215.				
f Total of lines 3a through e		22,904.			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ $ 86,931.					
a Applied to 2008, but not more than line 2a				0.	
b Applied to undistributed income of prior years (Election required - see instructions)			0.		
c Treated as distributions out of corpus (Election required - see instructions)		0.			
d Applied to 2009 distributable amount					80,156.
e Remaining amount distributed out of corpus		6,775.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a).)		0.			0.
6 **Enter the net total of each column as indicated below:**					
a Corpus Add lines 3f, 4c, and 4e Subtract line 5		29,679.			
b Prior years' undistributed income. Subtract line 4b from line 2b			0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed			0.		
d Subtract line 6c from line 6b Taxable amount - see instructions			0.		
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount - see instr.				0.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010					0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)		0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7		0.			
9 **Excess distributions carryover to 2010** Subtract lines 7 and 8 from line 6a		29,679.			
10 Analysis of line 9:					
a Excess from 2005					
b Excess from 2006					
c Excess from 2007	4,689.				
d Excess from 2008	18,215.				
e Excess from 2009	6,775.				

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

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

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

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

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year-see the instructions.)

1 **Information Regarding Foundation Managers:**

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

CLARA T. WARD

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

NONE

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

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

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

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

c Any submission deadlines

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
SEE STATEMENT 12				
Total			▶ 3a	75,000.
b *Approved for future payment*				
NONE				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	62.	
4 Dividends and interest from securities			14	31,773.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	26.	
8 Gain or (loss) from sales of assets other than inventory			18	6,842.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		38,703.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 38,703.

(See worksheet in line 13 instructions to verify calculations.)

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

Line No ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes).
	N/A

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

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

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 taxpayer or fiduciary) is based on all information of which preparer has any knowledge

X Clara I. Ward | 10-21-10 | President

Signature of officer or trustee | Date | Title

Paid Preparer's Use Only

Preparer's signature Judith A. Hicks	Date 10-20-10	Check if self-employed ☐	Preparer's identifying number
Firm's name (or yours if self-employed), address, and ZIP code	CHAMBLISS, BAHNER & STOPHEL, P.C. 1000 TALLAN BUILDING CHATTANOOGA, TN 37402-2500	EIN	
		Phone no	(423)756-3000

Form 990-PF (2009)

923622
02-02-10

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
FIRST TENNESSEE BANK - MONEY FUNDS	62.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	62.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
FIRST TENNESSEE BANK - NOMINEE - DIVIDENDS	10,274.	0.	10,274.
FIRST TENNESSEE BANK - NOMINEE - INTEREST	4,291.	0.	4,291.
MORGAN STANLEY SMITH BARNEY - DIVIDENDS	16,242.	0.	16,242.
SENTINEL COMMON STOCK FUNDS	966.	0.	966.
TOTAL TO FM 990-PF, PART I, LN 4	31,773.	0.	31,773.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
MISC. INCOME--LITIGATION SETTLEMENT	26.	26.	
TOTAL TO FORM 990-PF, PART I, LINE 11	26.	26.	

FORM 990-PF LEGAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CHAMBLISS, BAHNER & STOPHEL, P.C.	10,400.	0.		10,400.
TO FM 990-PF, PG 1, LN 16A	10,400.	0.		10,400.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MORGAN STANLEY SMITH BARNEY	10,950.	10,950.		0.
FIRST TENNESSEE BANK	4,404.	4,404.		0.
TO FORM 990-PF, PG 1, LN 16C	15,354.	15,354.		0.

FORM 990-PF TAXES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX WITHHELD ON DIVIDENDS	126.	126.		0.
TO FORM 990-PF, PG 1, LN 18	126.	126.		0.

FORM 990-PF OTHER EXPENSES STATEMENT 7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
STATE ANNUAL REPORT	20.	0.		20.
TO FORM 990-PF, PG 1, LN 23	20.	0.		20.

FORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 8

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
GOVERNMENT OBLIGATIONS - SCHEDULE ATTACHED	X		0.	0.
TOTAL U.S. GOVERNMENT OBLIGATIONS				
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			0.	0.

FORM 990-PF CORPORATE STOCK STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCK - SCHEDULE ATTACHED	767,741.	895,969.
TOTAL TO FORM 990-PF, PART II, LINE 10B	767,741.	895,969.

FORM 990-PF OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS - SCHEDULE ATTACHED	COST	740,777.	745,337.
TOTAL TO FORM 990-PF, PART II, LINE 13		740,777.	745,337.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 11

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
CLARA T. WARD 7 NORTH LYNNCREST DRIVE CHATTANOOGA, TN 37411	PRESIDENT & TRUSTEE 0.25	0.	0.	0.
GLENN C. STOPHEL CHAMBLISS, BAHNER & STOPHEL, 1000 TALLAN BLDG. CHATTANOOGA, TN 37402	SEC-TREASURER, TRUSTEE 0.25	0.	0.	0.
CARL K. WARD 1535 OAKVIEW HEIGHTS KENOVA, WV 25530	TRUSTEE 0.10	0.	0.	0.
RAY THOMPSON 8167 SUGARBUSH DRIVE SPRING HILL, FL 34606	TRUSTEE 0.10	0.	0.	0.
MARK D. YATES 8735 CRESTBROOK CIRCLE CHATTANOOGA, TN 37421	TRUSTEE 0.25	0.	0.	0.
B.H. YERBEY, JR. 1066 CONSTITUTION DRIVE CHATTANOOGA, TN 37405	TRUSTEE 0.10	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

FORM 990-PF GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR STATEMENT 12

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
ANKERBERG THEOLOGICAL RESEARCH INSTITUTE P.O. BOX 8977 CHATTANOOGA, TN 374140977	NONE OPERATING FUNDS	501(C)(3) ORGANIZATI	5,000.
BAPTIST WORLD ALLIANCE 405 N. WASHINGTON STREET FALLS CHURCH, VA 22046	NONE OPERATING FUNDS	PUBLIC CHARITY	5,000.
BETHEL BIBLE VILLAGE 3001 HAMILL ROAD HIXSON, TN 37343	NONE OPERATING FUNDS	SCHOOL	10,000.
BRYAN COLLEGE 411 BRYAN DRIVE DAYTON, TN 373216269	NONE OPERATING FUNDS	COLLEGE	10,000.
CARSON-NEWMAN COLLEGE RUSSELL AVENUE JEFFERSON CITY, TN 37760	NONE OPERATING FUNDS	COLLEGE	10,000.
HAGGAI INSTITUTE FOR ADVANCED LEADERSHIP TRAINING P.O. BOX 13 ATLANTA, GA 303709901	NONE OPERATING FUNDS	PUBLIC CHARITY	25,000.
UNIVERSITY OF TENNESSEE AT CHATTANOOGA 615 MCCALLIE AVENUE CHATTANOOGA, TN 37403	NONE OPERATING FUNDS	COLLEGE	10,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			75,000.

Portfolio Value - As of 9/30/2010:2

As of 9/30/2010

Security	Shares	Quote/Price	est	Cost Basis	Gain/Loss	Balance
Mutual Fund						
Consumer Staples Select Se...	150.000	27.880		3,233 61	948.39	4,182.00
Fidelity Value Fund #39	354.132	61.420		27,629 61	-5,878 82	21,750.79
Financial Select Sector SPDR	465.000	14.344		5,958.55	711.64	6,670.19
Health Care Select Sector S...	120.000	30.490		3,191.69	467.11	3,658.80
IShares MSCI EAFE Index Fnd	640.000	54.920		26,469.44	8,679.36	35,148.80
Pimco Low Duration FD-INS...	4,836.442	10.630		50,254.01	1,157.37	51,411.38
Pimco Total Return Fund-INST	9,083.485	11.600		100,847.61	4,520.82	105,368.43
Powershares QQQ Trust	200.000	49.070		11,504.00	-1,690.00	9,814.00
Sentinel Common Stock Fd	6,073.308	28.320		193,485.38	-21,489.29	171,996.09
SPDR DJ Wilshire Ttl Mkt ETF	830.000	85 130		52,945.70	17,712.20	70,657.90
SPDR DJIA TRUST	500.000	107.910		54,818.00	-863.00	53,955.00
Standard & Poors Deposit R...	450.000	114 130		57,730.50	-6,372.00	51,358.50
T. Rowe Price Blue Chip Gro...	716.196	34.120		23,273.57	1,163.04	24,436.61
Technology Select Sector SP. .	200.000	23 020		3,367.54	1,236.46	4,604.00
Vanguard INTRM TRM BD IN...	4,540.842	11.720		50,554.99	2,663.68	53,218.67
Vanguard Mid Cap Growth F...	1,536.071	16.830		25,056.50	795.57	25,852.07
Vanguard Short-Term Corpor...	4,715.176	10.870		50,456.16	797.80	51,253.96
TOTAL Mutual Fund				**740,776.86**	**4,560.32**	**745,337.18**
Stock						
3M Company	165.000	86.710		12,976.01	1,331.14	14,307.15
A T & T	390.000	28.600		9,983.58	1,170.42	11,154.00
Abbott Labs	410.000	52.240		11,495.48	9,922.92	21,418.40
Allied World Assurance Co.	145.000	56.590		6,228.66	1,976.89	8,205.55
AllState Corp	300.000	31.550		8,636.19	828.81	9,465 00
Applied Materials Inc Delaware	860.000	11.680		13,716.19	-3,671.39	10,044.80
Automatic Data Pro	140.000	42.030		3,601.01	2,283 19	5,884.20
Baker Hughes Inc.	180.000	42.600		9,449.53	-1,781.53	7,668.00
Bank New York Mellon Corp.	330.000	26.130		8,137.28	485.62	8,622.90
Bank of America Corp	780.000	13.102		11,150.22	-930.66	10,219.56
Berkshire Hathaway Inc Cl B	150.000	82.680		8,083 34	4,318.66	12,402.00
BHP Billiton Ltd SPONS ADR	55.000	76.320		3,699.66	497.94	4,197.60
Boeing Co.	132.000	66.540		8,659.55	123.73	8,783.28
Bristol Myers Squb	200.000	27.110		2,836.28	2,585.72	5,422.00
Carnival Corp	155.000	38.185		4,202.32	1,716.36	5,918.68
ChevronTexaco	154.000	81.050		3,197.50	9,284.20	12,481.70

Portfolio Value - As of 9/30/2010:2

As of 9/30/2010

Security	Shares	Quote/Price	est	Cost Basis	Gain/Loss	Balance
Chubb Corp	220.000	56.990		8,692.16	3,845.64	12,537.80
Cisco Sys Inc.	815.000	21.900		15,061.22	2,787.28	17,848.50
Comcast Corp	462.000	18.080		7,881.78	471.18	8,352.96
ConocoPhillips	145.000	57.430		6,893.93	1,433.42	8,327.35
CSX Corp.	200.000	55.320		3,819.25	7,244.75	11,064.00
Deere & Co.	155.000	69.780		8,463.69	2,352.21	10,815.90
Dell Inc	300.000	12.970		5,702.19	-1,811.19	3,891.00
Devon Energy Corp New	120.000	64.740		7,580.91	187.89	7,768.80
Dover Corp.	125.000	52.210		6,031.22	495.03	6,526.25
Duke Energy Corp, New	495.000	17.710		8,121.09	645.36	8,766.45
E I Du Pont De Nemours & Co	280.000	44 620		11,903.15	590.45	12,493.60
E M C Corp Mass	260.000	20.310		3,672.00	1,608.60	5,280.60
EBay	436.000	24.400		12,096.50	-1,458.10	10,638.40
Emcor Group Inc	45.000	24.590		1,017.00	89.55	1,106.55
Emerson Electric Co	185.000	52.660		5,946.95	3,795.15	9,742.10
Encana Corp-CAD	100.000	30.230		890.17	2,132.83	3,023.00
Ericsson L M Tel Co Class B	860.000	10.970		8,256.02	1,178.18	9,434.20
Exxon Mobil Corp	165.000	61.790		6,993.09	3,202.26	10,195.35
Fluor Corp DE	85.000	49.530		3,970.42	239.63	4,210.05
Forest City Enterprises Inc.	170.000	12.830		4,805.14	-2,624.04	2,181.10
Franklin Resources Inc.	60.000	106.900		4,060.23	2,353.77	6,414.00
Frontier Communications Corp	24.000	8.170		123.73	72.35	196.08
Gap Inc Delaware	240.000	18.640		4,425.32	48.28	4,473.60
General Electric	555.000	16.250		15,301.93	-6,283.18	9,018.75
General Mills, Inc.	290.000	36.540		6,930.42	3,666.18	10,596.60
Glaxosmithkline PLC SP ADR	105.000	39.520		4,412.16	-262.56	4,149.60
Halliburton Co Holdings Co	290.000	33.070		9,276.21	314.09	9,590.30
Hess Corp	160.000	59.120		8,561.68	897.52	9,459.20
Home Depot	275.000	31.680		8,541.80	170.20	8,712.00
Honeywell Intl Inc	230.000	43.940		5,938.71	4,167.49	10,106.20
IBM	205.000	134.140		21,245.54	6,253.16	27,498.70
Intel Corp.	310.000	19.200		4,821 65	1,130.35	5,952.00
Jacobs Engineering Group Inc.	45.000	38.700		1,959.55	-218.05	1,741.50
Johnson & Johnson	360.000	61.960		19,681.09	2,624.51	22,305.60
Jones Lang Lasalle	105.000	86.270		3,560.34	5,498.01	9,058.35
JP Morgan Chase & Co	580.000	38.060		16,469.45	5,605.35	22,074.80
KeyCorp	735.000	7.960		4,186.18	1,664.42	5,850.60
Kimberly Clark Corp	150.000	65.050		9,955.67	-198.17	9,757.50

Portfolio Value - As of 9/30/2010:2

As of 9/30/2010

Security	Shares	Quote/Price	est	Cost Basis	Gain/Loss	Balance
Lawson Software Inc New	340.000	8.470		2,075.49	804.31	2,879.80
MACYS INC	200.000	23.080		2,095.00	2,521.00	4,616.00
Mattel Inc DE	160.000	23.460		3,180.76	572.84	3,753.60
McDermott Intl Inc	335.000	14 780		6,716 66	-1,765.36	4,951.30
McDonalds Corp.	200.000	74.510		2,897.50	12,004.50	14,902.00
Merck & Co Inc New	335.000	36.810		11,660.64	670.71	12,331.35
Microsoft Corp	1,385.000	24.490		39,972.07	-6,053.42	33,918.65
Monsanto Co New	130.000	47.930		8,941.82	-2,710.92	6,230.90
Morgan Stanley Dean Witter ...	375.000	24.680		11,318.60	-2,063.60	9,255.00
Newfield Exploration Company	175.000	57.440		5,568.54	4,483.46	10,052.00
Noble Energy, Inc	65.000	75.090		3,967.64	913.21	4,880.85
Northrop Grumman Corp.	155.000	60.630		6,915.61	2,482.04	9,397.65
NOVARTIS AG ADR	210.000	57.670		10,439.86	1,670.84	12,110.70
Nucor Corp.	90.000	38.200		4,160.95	-722.95	3,438.00
Parker-Hannifin Corp	80.000	70.060		3,394.04	2,210.76	5,604.80
Peeblebrook Hotel Trust	180.000	18.010		3,095.41	146.39	3,241.80
Pepsico	155.000	66.440		7,920.19	2,378.01	10,298.20
Pfizer Inc	815.000	17.170		23,244.92	-9,251.37	13,993.55
PPG Industries	188.000	72.800		10,539.57	3,146.83	13,686.40
Procter & Gamble Co	190.000	59.970		9,700.46	1,693.84	11,394.30
Raytheon Company	155.000	45.710		4,843.01	2,242.04	7,085.05
Safeway Inc New	595.000	21.160		11,754.91	835.29	12,590.20
Schlumberger LTD	245.000	61.610		10,486.76	4,607.69	15,094.45
Spectra Energy Corp.	400.000	22.550		6,505.51	2,514.49	9,020.00
Staples, Inc	200.000	20.920		4,102.19	81.81	4,184.00
Target Corp	100.000	53.440		5,294.00	50.00	5,344.00
Texas Instruments Inc	460.000	27.140		13,128.52	-644.12	12,484.40
The Babcock & Wilcox Comp...	167.000	21.280		1,745.52	1,808.24	3,553.76
Travelers Companies, Inc.	285.000	52.100		12,058.45	2,790.05	14,848.50
UNILEVER PLC SPONS ADR	320.000	29.100		7,470.63	1,841.37	9,312.00
United Parcel Service CL B	110.000	66.690		8,150.62	-814.72	7,335.90
United States Steel Corp New	150.000	43.840		7,848.66	-1,272.66	6,576.00
United Technologies Corp	185.000	71.230		8,053.72	5,123.83	13,177.55
Verisign, Inc.	265.000	31.740		6,043.41	2,367.69	8,411.10
Verizon Communications	100.000	32.590		2,281 77	977.23	3,259.00
Visa INC COM CL A	45.000	74.260		3,368 38	-26.68	3,341.70
Vodafone Group PLC	87.000	24.810		1,854.34	304.13	2,158.47
Vodafone Group PLC Spons . .	365.000	24 810		8,511.91	543.74	9,055.65

Portfolio Value - As of 9/30/2010:2

As of 9/30/2010

Security	Shares	Quote/Price	est	Cost Basis	Gain/Loss	Balance
Wal-Mart Stores Inc	120.000	53.520		6,003.08	419.32	6,422.40
Walt Disney Co	650.000	33.100		13,038.64	8,476.36	21,515.00
Waste Management Inc Del	375.000	35.740		11,339.54	2,062.96	13,402.50
Weatherford Intl Ltd New	355.000	17.100		8,207.91	-2,137.41	6,070.50
Wells Fargo & Co New	225.000	25.115		5,960 16	-309.28	5,650.88
Weyerhaeuser Co	494.000	15.760		8,581.28	-795.84	7,785.44
TOTAL Stock				**767,740.99**	**128,228.47**	**895,969.46**
TOTAL Investments				**1,508,517.85**	**132,788.80**	**1,641,306.65**

Capital Gains

10/1/2009 through 9/30/2010

Account	Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realized Gain/L...
SHORT TERM							
Fndtn--1st Tn	FFCB 3.000% 12/23/13	150.000	6/25/2009	10/9/2009	15,000.00	14,906.25	93.75
Fndtn--1st Tn	FHLMC MTN 3.000% 11/19/13	500.000	5/19/2009	12/2/2009	50,000.00	50,000 00	0.00
Fndtn--1st Tn	FHLMC MTN 2.500% 12/28/12	150.000	6/29/2009	12/28/2009	15,000.00	15,000.00	0.00
Fndtn--1st Tn	FNMA 2.050% 12/30/11	300.000	3/30/2009	3/30/2010	30,000.00	30,000.00	0.00
Fndtn--1st Tn	FNMA 2.0000% 10/14/11	300.000	4/14/2009	4/14/2010	30,000.00	30,000.00	0.00
Fndtn--1st Tn	FNMA 2.150% 5/04/12	500.000	5/4/2009	5/4/2010	50,000.00	50,000.00	0.00
Salomon Smith Barney	Verigy, LTD	30.000	9/25/2009	11/20/2009	290.75	343.34	-52.59
Salomon Smith Barney	Toll Bros Inc	40.000	4/17/2009	11/25/2009	780.73	786.51	-5.78
Salomon Smith Barney	Toll Bros Inc	9.000	4/20/2009	11/25/2009	175.66	171.83	3.83
Salomon Smith Barney	Toll Bros Inc	4.000	4/20/2009	11/27/2009	77.99	76.37	1.62
Salomon Smith Barney	Toll Bros Inc	25.000	4/20/2009	11/30/2009	487.49	477.30	10.19
Salomon Smith Barney	Toll Bros Inc	46.000	4/20/2009	12/2/2009	897.60	878.24	19.36
Salomon Smith Barney	Paccar Inc Del	3.000	1/6/2009	12/4/2009	110.44	95.83	14.61
Salomon Smith Barney	Paccar Inc Del	22.000	1/6/2009	12/10/2009	809.60	702.76	106.84
Salomon Smith Barney	Paccar Inc Del	5.000	1/7/2009	12/10/2009	184.00	159.47	24.53
Salomon Smith Barney	Paccar Inc Del	14.000	2/6/2009	12/10/2009	515.20	432.84	82.36
Salomon Smith Barney	Paccar Inc Del	11.000	2/6/2009	12/22/2009	405.19	340.08	65.11
Salomon Smith Barney	Paccar Inc Del	10.000	5/28/2009	12/22/2009	368.36	285 65	82.71
Salomon Smith Barney	XTO Energy Inc	25.000	7/17/2009	12/30/2009	1,174.99	973.43	201.56
Salomon Smith Barney	XTO Energy Inc	54.000	8/11/2009	12/30/2009	2,537.97	2,213.25	324.72
Salomon Smith Barney	XTO Energy Inc	85.000	8/11/2009	12/31/2009	3,981.10	3,483.82	497.28
Salomon Smith Barney	XTO Energy Inc	21.000	8/12/2009	12/31/2009	983.57	875.64	107.93
Salomon Smith Barney	Toll Bros Inc	46.000	4/20/2009	1/7/2010	904.28	878.24	26.04
Salomon Smith Barney	Anadarko Petroleum Corp	25.000	8/24/2009	7/1/2010	921.16	1,356.56	-435.40
Salomon Smith Barney	Anadarko Petroleum Corp	25.000	8/24/2009	7/1/2010	921.16	1,356.56	-435.40
Salomon Smith Barney	State Street Corp	25.000	10/21/2009	9/1/2010	892.58	1,168.51	-275.93
Salomon Smith Barney	State Street Corp	5.000	10/21/2009	9/2/2010	180 24	233.70	-53.46
Salomon Smith Barney	State Street Corp	25.000	11/27/2009	9/2/2010	901.22	1,012.63	-111.41
Salomon Smith Barney	Agco	6.000	12/2/2009	9/22/2010	239.09	192 92	46.17
Salomon Smith Barney	Agco	11.000	12/3/2009	9/22/2010	438 32	354.73	83.59
Salomon Smith Barney	Agco	13.000	12/3/2009	9/23/2010	515.04	419.23	95.81
Salomon Smith Barney	Agco	9.000	12/3/2009	9/24/2010	359.19	290.24	68.95
Salomon Smith Barney	Agco	26.000	12/4/2009	9/24/2010	1,037.65	837 86	199.79
TOTAL SHORT TERM					**211,090.57**	**210,303.79**	**786.78**

LONG TERM

Capital Gains

10/1/2009 through 9/30/2010

Account	Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realized Gain/L...
Fdn.--Sentinel	Sentinel Common Stock Fd	2,206.694	6/12/1992	12/1/2009	60,000.00	63,287.98	-3,287.98
Fndtn--1st Tn	FHLMC 4.125% 11/18/09	500.000	2/16/2005	11/18/2009	50,000.00	49,984.37	15.63
Fndtn--1st Tn	Frontier Communications Corp	0.004	7/10/2000	7/27/2010	0.03	0.02	0.01
Salomon Smith Barney	Taiwan Semiconductor MFG	93.000	8/11/2003	10/9/2009	934.69	910.48	24.21
Salomon Smith Barney	Comerica Inc	6.000	8/13/2008	10/28/2009	170.99	179.63	-8.64
Salomon Smith Barney	Comerica Inc	36.000	8/13/2008	10/29/2009	1,026.01	1,077.77	-51.76
Salomon Smith Barney	Comerica Inc	33.000	8/13/2008	11/3/2009	903.02	987.95	-84.93
Salomon Smith Barney	Verigy, LTD	4.000	11/1/2006	11/18/2009	37.63	36 92	0.71
Salomon Smith Barney	Novellus Sys, Inc.	19.000	10/5/2005	11/18/2009	414.42	468.38	-53.96
Salomon Smith Barney	Verigy, LTD	15.000	11/1/2006	11/19/2009	135 06	138.46	-3.40
Salomon Smith Barney	Verigy, LTD	41.000	11/1/2006	11/19/2009	369.17	681.85	-312.68
Salomon Smith Barney	Novellus Sys, Inc.	40.000	10/5/2005	11/19/2009	836.71	986.06	-149.35
Salomon Smith Barney	Verigy, LTD	11.000	11/1/2006	11/20/2009	106.61	182.94	-76.33
Salomon Smith Barney	Verigy, LTD	44.000	11/2/2006	11/20/2009	426.43	714 88	-288.45
Salomon Smith Barney	Verigy, LTD	35.000	11/3/2006	11/20/2009	339.21	566.53	-227.32
Salomon Smith Barney	Franklin Resources Inc	25.000	6/23/2006	11/30/2009	2,683.47	2,172.11	511.36
Salomon Smith Barney	Franklin Resources Inc.	10.000	10/14/2008	11/30/2009	1,073.39	719.84	353.55
Salomon Smith Barney	United Parcel Service CL B	45.000	3/17/2008	12/3/2009	2,606.22	3,122.45	-516.23
Salomon Smith Barney	Paccar Inc Del	14.000	9/12/2008	12/4/2009	515.38	601.49	-86.11
Salomon Smith Barney	Paccar Inc Del	11.000	9/15/2008	12/4/2009	404.94	469.28	-64.34
Salomon Smith Barney	United Parcel Service CL B	25.000	3/17/2008	12/7/2009	1,447.50	1,734.70	-287.20
Salomon Smith Barney	United Parcel Service CL B	19.000	6/17/2008	12/7/2009	1,100.10	1,290.19	-190.09
Salomon Smith Barney	United Parcel Service CL B	21.000	6/17/2008	12/8/2009	1,217.34	1,425.99	-208.65
Salomon Smith Barney	United Parcel Service CL B	7.000	7/16/2008	12/8/2009	405.78	405.28	0.50
Salomon Smith Barney	United Parcel Service CL B	33.000	7/24/2008	12/8/2009	1,912.96	2,078.59	-165.63
Salomon Smith Barney	Novellus Sys, Inc.	25.000	10/5/2005	12/28/2009	589.18	616.29	-27.11
Salomon Smith Barney	Novellus Sys, Inc.	8.000	10/5/2005	12/29/2009	187.62	197.21	-9.59
Salomon Smith Barney	Novellus Sys, Inc.	3.000	10/5/2005	12/30/2009	70.35	73.95	-3 60
Salomon Smith Barney	Novellus Sys, Inc.	10 000	10/28/2005	12/30/2009	234.50	214.08	20.42
Salomon Smith Barney	Novellus Sys, Inc.	45.000	1/17/2006	12/30/2009	1,055.25	1,149.52	-94.27
Salomon Smith Barney	Novellus Sys, Inc.	40.000	8/31/2007	12/30/2009	938.00	1,077.96	-139.96
Salomon Smith Barney	Novellus Sys, Inc.	25.000	1/11/2008	12/30/2009	586.25	592.93	-6.68
Salomon Smith Barney	Novellus Sys, Inc.	45.000	4/4/2008	12/30/2009	1,055.25	1,056.79	-1 54
Salomon Smith Barney	Novellus Sys, Inc	10.000	4/4/2008	12/31/2009	235 16	234.84	0.32
Salomon Smith Barney	Williams Sonoma Inc.	72.000	3/28/2008	1/14/2010	1,570.29	1,709.52	-139.23
Salomon Smith Barney	Williams Sonoma Inc.	28.000	3/28/2008	1/15/2010	583.42	664.82	-81.40
Salomon Smith Barney	Williams Sonoma Inc.	10.000	6/13/2008	1/15/2010	208 37	220.00	-11.63
Salomon Smith Barney	Taiwan Semiconductor MFG	97.618	8/11/2003	1/25/2010	991.04	955.69	35.35

Capital Gains

10/1/2009 through 9/30/2010

Account	Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realized Gain/L...
Salomon Smith Barney	Taiwan Semiconductor MFG	59.846	7/15/2004	1/25/2010	607.56	0.00	607.56
Salomon Smith Barney	Taiwan Semiconductor MFG	396.605	3/15/2005	1/25/2010	4,026.40	3,333.39	693.01
Salomon Smith Barney	Taiwan Semiconductor MFG	43.616	7/12/2005	1/25/2010	442.80	0.00	442.80
Salomon Smith Barney	Taiwan Semiconductor MFG	22.315	6/20/2006	1/25/2010	226.55	0.00	226.55
Salomon Smith Barney	Varian Semiconductor Equip...	38.000	1/5/2009	1/26/2010	1,187.26	683.87	503.39
Salomon Smith Barney	Emerson Electric Co	25.000	5/21/2001	4/16/2010	1,300.39	827.98	472.41
Salomon Smith Barney	Home Depot	105.000	6/9/2005	4/16/2010	3,674.96	4,163.12	-488.16
Salomon Smith Barney	Murphy Oil Corp	15.000	9/11/2008	6/2/2010	764.07	998.71	-234.64
Salomon Smith Barney	Anadarko Petroleum Corp	5.000	9/5/2001	6/10/2010	192.99	130.29	62.70
Salomon Smith Barney	Anadarko Petroleum Corp	10.000	11/21/2001	6/10/2010	385.97	256.92	129.05
Salomon Smith Barney	Anadarko Petroleum Corp	10.000	1/16/2002	6/10/2010	385 97	248.30	137.67
Salomon Smith Barney	Anadarko Petroleum Corp	5 000	1/25/2002	6/10/2010	192.99	117.18	75.81
Salomon Smith Barney	Marriott International Inc New...	45.000	3/24/2009	6/25/2010	1,448.53	782.92	665.61
Salomon Smith Barney	Robert Half International, Inc	34.000	9/24/2008	6/25/2010	857.14	882.31	-25.17
Salomon Smith Barney	Robert Half International, Inc	6.000	9/24/2008	6/28/2010	150.13	155.70	-5.57
Salomon Smith Barney	Robert Half International, Inc	5.000	11/4/2008	6/28/2010	125.11	98.78	26.33
Salomon Smith Barney	Anadarko Petroleum Corp	5.000	1/25/2002	6/29/2010	183.09	117.18	65.91
Salomon Smith Barney	Anadarko Petroleum Corp	20.000	12/28/2006	6/29/2010	732.38	878.54	-146.16
Salomon Smith Barney	Anadarko Petroleum Corp	15.000	12/28/2006	6/30/2010	540.98	658.90	-117.92
Salomon Smith Barney	Anadarko Petroleum Corp	15.000	1/5/2007	6/30/2010	540.98	617.32	-76.34
Salomon Smith Barney	The Babcock & Wilcox Comp...	0.500	8/28/2008	8/19/2010	11.57	7.24	4.33
Salomon Smith Barney	Citrix Systems, Inc.	20.000	9/12/2008	8/19/2010	1,162.74	579.76	582.98
Salomon Smith Barney	Citrix Systems, Inc.	20.000	9/15/2008	8/19/2010	1,162.74	561.47	601.27
Salomon Smith Barney	Citrix Systems, Inc.	30.000	12/19/2008	8/19/2010	1,744.11	688.79	1,055.32
Salomon Smith Barney	State Street Corp	45.000	1/21/2003	8/24/2010	1,589.88	1,796.60	-206.72
Salomon Smith Barney	State Street Corp	5.000	1/30/2003	8/24/2010	176.65	199.49	-22.84
Salomon Smith Barney	State Street Corp	30.000	1/30/2003	8/25/2010	1,045.92	1,196.95	-151.03
Salomon Smith Barney	State Street Corp	15.000	1/30/2003	8/26/2010	526.72	598.48	-71.76
Salomon Smith Barney	State Street Corp	15.000	2/5/2007	8/26/2010	526.72	1,009.17	-482.45
Salomon Smith Barney	State Street Corp	25.000	2/5/2007	8/27/2010	883.83	1,681.96	-798.13
Salomon Smith Barney	State Street Corp	5.000	5/22/2007	8/27/2010	176.77	343.04	-166.27
Salomon Smith Barney	State Street Corp	20.000	5/22/2007	8/27/2010	707.06	1,372.15	-665.09
Salomon Smith Barney	State Street Corp	10.000	4/8/2009	8/27/2010	353.53	308.49	45.04
Salomon Smith Barney	State Street Corp	11.000	4/8/2009	8/30/2010	386.28	339.33	46.95
Salomon Smith Barney	State Street Corp	14.000	4/8/2009	8/31/2010	486.09	431.88	54.21
Salomon Smith Barney	LaSalle Hotel PPTYS	50.000	11/17/2008	9/1/2010	1,059.80	448.28	611.52
Salomon Smith Barney	LaSalle Hotel PPTYS	26.000	11/18/2008	9/1/2010	551.10	233.95	317.15
Salomon Smith Barney	LaSalle Hotel PPTYS	9.000	11/19/2008	9/1/2010	190.76	80.99	109.77

Capital Gains

10/1/2009 through 9/30/2010

Account	Security	Shares	Bought	Sold	Gross Proceeds	Cost Basis	Realized Gain/L...
Salomon Smith Barney	LaSalle Hotel PPTYS	5 000	3/25/2009	9/1/2010	105.98	27.22	78.76
Salomon Smith Barney	State Street Corp	5.000	4/8/2009	9/1/2010	178.52	154.24	24.28
Salomon Smith Barney	LaSalle Hotel PPTYS	11.000	3/25/2009	9/2/2010	233.18	59.88	173.30
Salomon Smith Barney	LaSalle Hotel PPTYS	18.000	3/30/2009	9/2/2010	381.57	98.24	283.33
Salomon Smith Barney	Weyerhaeuser Co	0.635	11/4/2002	9/2/2010	10.40	10.76	-0.36
Salomon Smith Barney	Tutor Perini Corp.	24 000	10/1/2008	9/10/2010	476.40	526.45	-50.05
Salomon Smith Barney	Tutor Perini Corp.	21.000	10/6/2008	9/10/2010	416.85	439.70	-22.85
Salomon Smith Barney	Tutor Perini Corp.	45.000	6/17/2009	9/10/2010	893.26	809.73	83.53
Salomon Smith Barney	Tutor Perini Corp.	10.000	6/26/2009	9/10/2010	198.50	178.39	20.11
Smith Barney	American Express Co	105.000	7/28/2006	10/5/2009	3,486.24	5,478.18	-1,991.94
Smith Barney	Amgen, Inc.	80.000	6/17/1999	12/2/2009	4,604.68	2,152.83	2,451.85
Smith Barney	Berkshire Hathaway Inc Cl B	1.000	9/22/2003	12/2/2009	3,337 01	2,499.99	837.02
Smith Barney	Microsoft Corp	5.000	11/14/2001	12/2/2009	149.60	163.48	-13.88
Smith Barney	Microsoft Corp	90.000	1/10/2002	12/2/2009	2,692.72	3,132.00	-439.28
Smith Barney	Procter & Gamble Co	5.000	6/24/2004	12/2/2009	316.84	0.00	316.84
Smith Barney	Procter & Gamble Co	20.000	10/1/2005	12/2/2009	1,267.36	637.34	630.02
Smith Barney	3M Company	5.000	9/24/2003	12/2/2009	391.09	356.31	34.78
Smith Barney	3M Company	20.000	1/27/2004	12/2/2009	1,564.35	1,647.28	-82.93
Smith Barney	BP Amoco PLC	10.000	7/29/2002	5/3/2010	490.25	400 82	89.43
Smith Barney	BP Amoco PLC	60.000	9/24/2003	5/3/2010	2,941.47	2,529.21	412.26
Smith Barney	BP Amoco PLC	20.000	9/24/2003	5/24/2010	844.21	843.07	1.14
Smith Barney	BP Amoco PLC	55.000	1/30/2004	5/24/2010	2,321.56	2,675.20	-353.64
Smith Barney	Cenovus Energy, Inc	65.000	9/24/2003	6/9/2010	1,769.41	559.67	1,209.74
Smith Barney	Cenovus Energy, Inc	110.000	11/13/2003	6/9/2010	2,994.39	922.11	2,072.28
Smith Barney	Newfield Exploration Company	40.000	7/24/2008	6/14/2010	2,190.36	2,055.68	134.68
Smith Barney	Encana Corp-CAD	65.000	9/24/2003	6/16/2010	2,226.93	594.30	1,632.63
Smith Barney	Encana Corp-CAD	10.000	11/13/2003	6/16/2010	342.60	89.01	253.59
TOTAL LONG TERM					**204,905.99**	**198,858.26**	**6,047.73**
OVERALL TOTAL					**415,996.56**	**409,162.05**	**6,834.51**