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

2010

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

For calendar year 2010, or tax year beginning

, 2010, and ending

, 20

G Check all that apply:

 Initial return    Initial return of a former public charity    Final return  
 Amended return    Address change    Name change

Name of foundation

KESSLER FAMILY FOUNDATION

Number and street (or P O box number if mail is not delivered to street address)

120 CASA BENDITA

City or town, state, and ZIP code

PALM BEACH, FL 33480

H Check type of organization.  Section 501(c)(3) exempt private foundation Section 4947(a)(1) nonexempt charitable trust    Other taxable private foundationI Fair market value of all assets at end  
of year (from Part II, col. (c), line  
16) ► \$ 33,162,977.J Accounting method:  Cash    Accrual  
 Other (specify) \_\_\_\_\_

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

A Employer identification number

04-3213614

B Telephone number (see page 10 of the instructions)

(   ) -

C If exemption application is  
pending, check here ► D 1 Foreign organizations, check here ►   
2. Foreign organizations meeting the  
85% test, check here and attach  
computation ► E If private foundation status was terminated  
under section 507(b)(1)(A), check here ► F If the foundation is in a 60-month termination  
under section 507(b)(1)(B), check here ► Part I Analysis of Revenue and Expenses (The  
total of amounts in columns (b), (c), and (d)  
may not necessarily equal the amounts in  
column (a) (see page 11 of the instructions))

Revenue	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule)	0			
2 Check ► <input type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	7,145.	7,145.		
4 Dividends and interest from securities	1,086,372.	1,086,372.		ATCH 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	352,696.			
b Gross sales price for all assets on line 6a	7,079,732.			
7 Capital gain net income (from Part IV, line 2)		352,696.		
8 Net short-term capital gain				
9 Income modifications				
10 a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule)	5,777.	5,777.		
12 Total. Add lines 1 through 11	1,451,990.	1,451,990.		
13 Compensation of officers, directors, trustees, etc	0			
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16 a Legal fees (attach schedule)				
b Accounting fees (attach schedule)				
c Other professional fees (attach schedule)	76,811.	39,111.		37,700.
17 Interest	250.	250.		
18 Taxes (attach schedule) (see page 14 of the instructions) *				
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule)	80,323.			80,323.
24 Total operating and administrative expenses.				
Add lines 13 through 23	157,384.	39,361.		118,023.
25 Contributions, gifts, grants paid	253,563.			253,563.
26 Total expenses and disbursements Add lines 24 and 25	410,947.	39,361.		371,586.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	1,041,043.			
b Net investment income (if negative, enter -0-)		1,412,629.		
c Adjusted net income (if negative, enter -0-)				

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

ATCH 2 JSA \*\* ATCH 3

Form 990-PF (2010)

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	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
<b>Assets</b>				
1	Cash - non-interest-bearing . . . . .			
2	Savings and temporary cash investments . . . . .	5,910,570.	1,361,689.	1,361,689.
3	Accounts receivable ►			
	Less allowance for doubtful accounts ►			
4	Pledges receivable ►			
	Less allowance for doubtful accounts ►			
5	Grants receivable . . . . .			
6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
7	Other notes and loans receivable (attach schedule) ► *	500,000.	* 8,000,000.	ATTCH 5 2,800,000.
	Less allowance for doubtful accounts ►		8,000,000.	
8	Inventories for sale or use . . . . .			
9	Prepaid expenses and deferred charges . . . . .			
10	a Investments - U S and state government obligations (attach schedule) * *	4,756,131.	2,545,108.	2,680,474.
	b Investments - corporate stock (attach schedule) ATTCH 7.	3,970,034.	6,119,769.	7,189,020.
	c Investments - corporate bonds (attach schedule) . . . . .			
11	Investments - land, buildings, and equipment basis ►			
	Less accumulated depreciation ►			
12	Investments - mortgage loans . . . . .			
13	Investments - other (attach schedule) . . . . . ATTCH 8.	12,724,763.	18,014,209.	19,131,794.
14	Land, buildings, and equipment basis ►			
	Less accumulated depreciation ►			
15	Other assets (describe ►) . . . . .			
16	<b>Total assets</b> (to be completed by all filers - see the instructions Also, see page 1, item I) . . . . .	27,861,498.	36,040,775.	33,162,977.
<b>Liabilities</b>				
17	Accounts payable and accrued expenses . . . . .			
18	Grants payable . . . . .			
19	Deferred revenue . . . . .			
20	Loans from officers, directors, trustees, and other disqualified persons . . . . .			
21	Mortgages and other notes payable (attach schedule) . . . . .			
22	Other liabilities (describe ►) . . . . .			
23	<b>Total liabilities</b> (add lines 17 through 22) . . . . .		0.	
<b>Net Assets or Fund Balances</b>				
24	Foundations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.	27,861,498.	36,040,775.	
25	Unrestricted . . . . .			
26	Temporarily restricted . . . . .			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ► <input type="checkbox"/>			
27	Permanently restricted . . . . .			
28	Capital stock, trust principal, or current funds . . . . .			
29	Paid-in or capital surplus, or land, bldg, and equipment fund . . . . .			
30	Retained earnings, accumulated income, endowment, or other funds . . . . .			
31	<b>Total net assets or fund balances</b> (see page 17 of the instructions) . . . . .	27,861,498.	36,040,775.	
	<b>Total liabilities and net assets/fund balances</b> (see page 17 of the instructions) . . . . .	27,861,498.	36,040,775.	

**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	27,861,498.
2	Enter amount from Part I, line 27a	2	1,041,043.
3	Other increases not included in line 2 (itemize) ► ATTACHMENT 9	3	7,138,234.
4	Add lines 1, 2, and 3	4	36,040,775.
5	Decreases not included in line 2 (itemize) ►	5	
6	<b>Total net assets or fund balances at end of year</b> (line 4 minus line 5) - Part II, column (b), line 30	6	36,040,775.

\*\* ATTCH 6

**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 brck 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 )
<b>1a SEE PART IV SCHEDULE</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
(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)		
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))		
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any			
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
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 }		<b>2</b>	352, 696.	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8 . . . . .	{ If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8 . . . . . }		<b>3</b>		

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

 Yes  No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2009	1,764,376.	28,083,161.	0.062827
2008	2,734,526.	33,396,695.	0.081880
2007	3,032,510.	33,845,720.	0.089598
2006	2,599,065.	33,704,074.	0.077114
2005	2,437,370.	30,919,292.	0.078830
<b>2</b> Total of line 1, column (d) . . . . .			<b>2</b> 0.390249
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 . . . . .			<b>3</b> 0.078050
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5 . . . . .			<b>4</b> 29,693,690.
5 Multiply line 4 by line 3 . . . . .			<b>5</b> 2,317,593.
6 Enter 1% of net investment income (1% of Part I, line 27b) . . . . .			<b>6</b> 14,126.
7 Add lines 5 and 6 . . . . .			<b>7</b> 2,331,719.
8 Enter qualifying distributions from Part XII, line 4 . . . . .			<b>8</b> 371,586.
If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18			

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1	Date of ruling or determination letter _____ (attach copy of ruling letter if necessary - see instructions)	1	28,253.
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b			
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-)			
3	Add lines 1 and 2	2	3	28,253.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	4	0.
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-	5	5	28,253.
6	<b>Credits/Payments:</b>			
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	6a	49,762.
b	Exempt foreign organizations-tax withheld at source	6b	6b	0.
c	Tax paid with application for extension of time to file (Form 8868)	6c	6c	0.
d	Backup withholding erroneously withheld	6d	6d	
7	Total credits and payments Add lines 6a through 6d	7	7	49,762.
8	Enter any penalty for underpayment of estimated tax Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	8	
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter amount owed	9	9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	10	21,509.
11	Enter the amount of line 10 to be Credited to 2011 estimated tax ►	11	11	Refunded

**Part VII-A Statements Regarding Activities**

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?	Yes	No
1a		X	
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	Yes	No
1b		X	
<i>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</i>			
1c	Did the foundation file Form 1120-POL for this year?	Yes	No
1c		X	
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year		
(1) On the foundation ► \$ _____	(2) On foundation managers ► \$ _____		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ _____		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?	Yes	No
2		X	
<i>If "Yes," attach a detailed description of the activities</i>			
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	Yes	No
3		X	
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	Yes	No
4a		X	
b	If "Yes," has it filed a tax return on Form 990-T for this year?	Yes	No
4b		X	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	Yes	No
5		X	
<i>If "Yes," attach the statement required by General Instruction T</i>			
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:		
6	• By language in the governing instrument, or		
6	• 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	Yes	No
7		X	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ► MA,		
8b	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	Yes	No
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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV	Yes	No
9		X	
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	Yes	No
10		X	

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

11		X
12		X
13	X	
Website address ► N/A		
14	Telephone no ►	
Located at ►JP MORGAN, 270 PARK AVENUE, 28TH FL NEW YORK, NY ZIP + 4 ►		
15	Form 1041 - Check here ►	15
16	Yes	No
See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-221. If "Yes," enter the name of the foreign country ►		

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		
	Yes	No
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? . . . . .	<input type="checkbox"/> Yes	X No
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? . . . . .	<input type="checkbox"/> Yes	X No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? . . . . .	<input type="checkbox"/> Yes	X No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? . . . . .	<input type="checkbox"/> Yes	X No
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? . . . . .	<input type="checkbox"/> Yes	X No
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). . . . .	<input type="checkbox"/> Yes	X 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 22 of the instructions)? . . . . .		
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 2010? . . . . .		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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? . . . . .	<input type="checkbox"/> Yes	X 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 page 22 of the instructions) . . . . .		
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? . . . . .	<input type="checkbox"/> Yes	X No
b If "Yes," did it have excess business holdings in 2010 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 2010) . . . . .		
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? . . . . .		
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 2010? . . . . .		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:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(1)	Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(2)	Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(3)	Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(4)	Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 53.4945-5 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	<input type="checkbox"/> Yes	5b		
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
If "Yes," attach the statement required by Regulations section 53.4945-5(d)					
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If "Yes," file Form 8870		6b		X
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b	If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?		7b		

**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors****1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ATTACHMENT 10		0.	0.	0.
-----				
-----				
-----				
-----				
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**2 Compensation of five highest-paid employees (other than those included on line 1 - see page 23 of the instructions). If none, enter "NONE."**

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

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

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

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."		
(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
<b>Total number of others receiving over \$50,000 for professional services</b> . . . . . ►		NONE

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

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

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2		Amount
1 N/A		
2		
All other program-related investments. See page 24 of the instructions		
3 NONE		
<b>Total. Add lines 1 through 3</b> . . . . . ►		

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a Average monthly fair market value of securities	1a	28,190,812.
b Average of monthly cash balances	1b	1,955,066.
c Fair market value of all other assets (see page 25 of the instructions)	1c	0.
d <b>Total</b> (add lines 1a, b, and c)	1d	30,145,878.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	0.
3 Subtract line 2 from line 1d	3	30,145,878.
4 Cash deemed held for charitable activities Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	452,188.
5 <b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	5	29,693,690.
6 <b>Minimum investment return.</b> Enter 5% of line 5	6	1,484,685.

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

1 Minimum investment return from Part X, line 6	1	1,484,685.
2a Tax on investment income for 2010 from Part VI, line 5	2a	28,253.
b Income tax for 2010. (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	28,253.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	1,456,432.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	1,456,432.
6 Deduction from distributable amount (see page 25 of the instructions)	6	
7 <b>Distributable amount as adjusted</b> Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	1,456,432.

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

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	371,586.
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	0.
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	0.
b Cash distribution test (attach the required schedule)	3b	0.
4 <b>Qualifying distributions.</b> Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	371,586.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	N/A
6 <b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	371,586.

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

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

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7 . . . . .				1,456,432.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only . . . . .				
b Total for prior years 20 08 20 07 20 06 . . . . .				
3 Excess distributions carryover, if any, to 2010:				
a From 2005 . . . . .	1,017,197.			
b From 2006 . . . . .	997,745.			
c From 2007 . . . . .	1,428,798.			
d From 2008 . . . . .	1,077,583.			
e From 2009 . . . . .	370,439.			
f Total of lines 3a through e . . . . .	4,891,762.			
4 Qualifying distributions for 2010 from Part XII, line 4 ► \$ 371,586.				
a Applied to 2009, but not more than line 2a . . . . .				
b Applied to undistributed income of prior years (Election required - see page 26 of the instructions) . . . . .				
c Treated as distributions out of corpus (Election required - see page 26 of the instructions) . . . . .				
d Applied to 2010 distributable amount . . . . .				371,586.
e Remaining amount distributed out of corpus . . . . .	0.			
5 Excess distributions carryover applied to 2010. (If an amount appears in column (d), the same amount must be shown in column (a))	1,084,846.			1,084,846.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5 . . . . .	3,806,916.			
b Prior years' undistributed income Subtract line 4b from line 2b . . . . .				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed. . . . .				
d Subtract line 6c from line 6b Taxable amount - see page 27 of the instructions . . . . .				
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions . . . . .				
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011 . . . . .				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions) . . . . .				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions) . . . . .				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a . . . . .	3,806,916.			
10 Analysis of line 9				
a Excess from 2006 . . . . .	930,096.			
b Excess from 2007 . . . . .	1,428,798.			
c Excess from 2008 . . . . .	1,077,583.			
d Excess from 2009 . . . . .	370,439.			
e Excess from 2010 . . . . .				

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

a	If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling				►	4942(j)(3) or	4942(j)(5)
b	Check box to indicate whether the foundation is a private operating foundation described in section						
2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed						
	Tax year				Prior 3 years		(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007			
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)(ii)						
	(3) Largest amount of support from an exempt organization						
	(4) Gross investment income						

**Part XV** **Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year - see page 28 of the instructions.)**

## 1 Information Regarding Foundation Managers:

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

ATTACHMENT 11

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

NONE

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

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

- a The name, address, and telephone number of the person to whom applications should be addressed
- b The form in which applications should be submitted and information and materials they should include
- c Any submission deadlines
- d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

**Part XV    Supplementary Information (continued)****3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<i>a Paid during the year</i>				
ATTACHMENT 12				
<b>Total</b> . . . . .			► 3a	253,563.
<i>b Approved for future payment</i>				
<b>Total</b> . . . . .			► 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 28 of the instructions )
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
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	7,145.	
4 Dividends and interest from securities			14	1,086,372.	
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				5,777.	
8 Gain or (loss) from sales of assets other than inventory			18	352,696.	
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)				1,451,990.	
13 Total. Add line 12, columns (b), (d), and (e)				13	1,451,990.
(See worksheet in line 13 instructions on page 29 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). (See page 29 of the instructions.)

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

1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?	Yes	No
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.		

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

**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  
 Mark L. Kline 17/2011  Director

Signature of officer or trustee		Date	Title	
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	PTIN
	CHARLES E. SHIRLEY	<i>ces sls</i>	7/13/11	Check <input type="checkbox"/> if self-employed
	Firm's name ► PRICEWATERHOUSECOOPERS LLP	Firm's EIN ► 13-4008324		
Firm's address ► 125 HIGH STREET BOSTON, MA	02110	Phone no	617-530-5000	

KESSLER FAMILY FOUNDATION

04-3213614

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

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis			
		TOTAL CAPITAL GAIN DISTRIBUTIONS					137,162.	
5,840,167.		JPMORGAN #4008 - SEE STMT PROPERTY TYPE: SECURITIES 5,727,036.				P	VARIOUS	VARIOUS
1,102,403.		JPMORGAN #4008 - SEE STMT PROPERTY TYPE: SECURITIES 1,000,000.				P	VARIOUS	VARIOUS
		TOTAL GAIN (LOSS) .....					<u>352,696</u>	

JSA  
0E17301000

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FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
JP MORGAN A16214008	1,004,426.	1,004,426.
JP MORGAN Q56788005	81,946.	81,946.
<b>TOTAL</b>	<b><u>1,086,372.</u></b>	<b><u>1,086,372.</u></b>

ATTACHMENT 2FORM 990PF, PART I - OTHER PROFESSIONAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>CHARITABLE PURPOSES</u>
JP MORGAN MANAGEMENT FEES	38,486.	38,486.	
PRICEWATERHOUSECOOPERS LLP	37,700.		37,700.
OTHER PROFESSIONAL FEES	625.	625.	
TOTALS	<u>76,811.</u>	<u>39,111.</u>	<u>37,700.</u>

FORM 990PF, PART I - TAXES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
MA FILING FEE	250.	250.
TOTALS	<u>250.</u>	<u>250.</u>

FORM 990PF, PART I - OTHER EXPENSES

## REVENUE

AND

## EXPENSES

PER BOOKS

80,323.

TOTALS

80,323.DESCRIPTION  
CHARITABLE EVENT EXPENSESCHARITABLE  
PURPOSES  
80,323.  
80,323.

ATTACHMENT 5FORM 990PF, PART II - OTHER NOTES AND LOANS RECEIVABLE

BORROWER: SIPC CLAIM

BEGINNING BALANCE DUE ..... 500,000.

ENDING BALANCE DUE ..... 8,000,000.ENDING FAIR MARKET VALUE ..... 2,800,000.TOTAL BEGINNING OTHER NOTES AND LOANS RECEIVABLE 500,000.TOTAL ENDING BOOK - OTHER NOTES AND LOANS RECEIVABLE 8,000,000.TOTAL ENDING FMV - OTHER NOTES AND LOANS RECEIVABLE 2,800,000.

KESSLER FAMILY FOUNDATION

FORM 990PF, PART II - U.S. AND STATE OBLIGATIONS

04-3213614

<u>DESCRIPTION</u>	<u>BOOK VALUE</u>	<u>ENDING FMV</u>
ISHARES BARCLAYS TIPS BOND FD	2,545,108.	2,680,474.
US OBLIGATIONS TOTAL	<u>2,545,108.</u>	<u>2,680,474.</u>

ATTACHMENT 6

FORM 990PF, PART II - CORPORATE STOCKDESCRIPTION

SEE ATTACHED

TOTALS

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
	6,119,769.	7,189,020.
	<u>6,119,769.</u>	<u>7,189,020.</u>

FORM 990PF, PART II - OTHER INVESTMENTSDESCRIPTION

SEE ATTACHED

TOTALS

<u>DESCRIPTION</u>	<u>BOOK VALUE</u>	<u>ENDING FMV</u>
	18,014,209.	19,131,794.
	<u>18,014,209.</u>	<u>19,131,794.</u>

KESSLER FAMILY FOUNDATION

04-3213614

ATTACHMENT 9

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

<u>DESCRIPTION</u>	<u>AMOUNT</u>
--------------------	---------------

DIFFERENCE IN FMV TO COST	7,138,234.
---------------------------	------------

TOTAL	<u>7,138,234.</u>
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ATTACHMENT 9

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## KESSLER FAMILY FOUNDATION

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

04-3213614

ATTACHMENT 10

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION</u>	<u>COMPENSATION</u>	<u>CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS</u>	<u>EXPENSE ACCT AND OTHER ALLOWANCES</u>
HOWARD J. KESSLER 120 CASA BENDITA PALM BEACH, FL 33480	TRUSTEE 0.	0.	0.	0.
PATRICIA M. KESSLER 120 CASA BENDITA PALM BEACH, FL 33480	TRUSTEE 0.	0.	0.	0.
	GRAND TOTALS 0.	0.	0.	0.

KESSLER FAMILY FOUNDATION

04-3213614

ATTACHMENT 11

FORM 990PF, PART XV - INFORMATION REGARDING FOUNDATION MANAGERS

HOWARD J. KESSLER  
PATRICIA M. KESSLER

ATTACHMENT 11

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Kessler Family Foundation  
US Form 990-PF  
Part 1- Line 25 - Charitable Gifts, Grants Paid  
December 31, 2010

04-3213614

211 Palm Beach Treasure	1,000.00
American Cancer	2,000.00
American Ireland Fund	10,000.00
American Jewish Comm	1,800.00
Boca Commun Hosp	15,000.00
Boca Raton Regional Hosp	15,000.00
Boy Club of PB County	2,000.00
Boys Club of NY	1,000.00
Brandeis Univ	300.00
Brigham & Women's Hospital	16,000.00
Caridad Center	200.00
Committee to Light Comm. Ave.	2,500.00
Community Fund of Palm Beach	1,000.00
FAPE	5,000.00
FCA-USA	1,000.00
Harvard Medical School	10,000.00
Historical Society of Palm Beach	1,200.00
It Happened to Alexa Fund	1,000.00
John F Kennedy Library Fund	15,000.00
Komen South Florida	90.00
Kravis Center	100.00
La Salle University	10,000.00
Last Gasp	500.00
LIFE	21,000.00
MS Society	1,000.00
MSKCC	1,000.00
Nantucket AIDS Network	3,000.00
NOPE Task Force	500.00
Palm Beach Atlantic Univ	1,500.00
Palm Beach CC Fund	1,000.00
Palm Beach Civic Association	10,350.00
Palm Beach United Way	200.00
Parkinsons Research & Education	1,000.00
Pinecrest Parents	2,300.00
Pinecrest School	36,845.00
Play for the Pink	500.00
Preservation Fund of Palm Beach	2,400.00
Society of the Four Arts	5,650.00
SOS Childrens Village	528.00
St. Judes Research	5,800.00
Strongest Link	5,000.00
Susan G Komen for The Cure	1,000.00
Susan G Komen So. Fl	3,000.00
Temple Bnai Israel	2,800.00
The International Society of Palm Beach	5,000.00
The Par 3 Foundation	25,000.00
The Schepens Eye Research Inst	3,000.00
Winston Churchill Fund	2,500.00
	<u>253,563.00</u>

**SCHEDULE D**  
**(Form 1041)**Department of the Treasury  
Internal Revenue Service**Capital Gains and Losses**

OMB No 1545-0092

► Attach to Form 1041, Form 5227, or Form 990-T. See the Instructions for  
Schedule D (Form 1041) (also for Form 5227 or Form 990-T, if applicable).**2010**

Name of estate or trust

KESSLER FAMILY FOUNDATION

Employer identification number

04-3213614

Note: Form 5227 filers need to complete only Parts I and II**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example 100 shares 7% preferred of "Z" Co )	(b) Date acquired (mo , day, yr )	(c) Date sold (mo , day, yr )	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
1a					
b Enter the short-term gain or (loss), if any, from Schedule D-1, line 1b . . . . .	1b	113,131.			
2 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824 . . . . .	2				
3 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts . . . . .	3				
4 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2009 Capital Loss Carryover Worksheet . . . . .	4	( )			
5 Net short-term gain or (loss). Combine lines 1a through 4 in column (f). Enter here and on line 13, column (3) on the back . . . . . ► 5 113,131.					

**Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year**

(a) Description of property (Example 100 shares 7% preferred of "Z" Co )	(b) Date acquired (mo , day, yr )	(c) Date sold (mo , day, yr )	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
6a					
b Enter the long-term gain or (loss), if any, from Schedule D-1, line 6b . . . . .	6b	102,403.			
7 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824 . . . . .	7				
8 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts . . . . .	8				
9 Capital gain distributions . . . . .	9	137,162.			
10 Gain from Form 4797, Part I . . . . .	10				
11 Long-term capital loss carryover Enter the amount, if any, from line 14 of the 2009 Capital Loss Carryover Worksheet . . . . .	11	( )			
12 Net long-term gain or (loss). Combine lines 6a through 11 in column (f). Enter here and on line 14a, column (3) on the back . . . . . ► 12 239,565.					

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 2010

<b>Part III Summary of Parts I and II</b>		(1) Beneficiaries' (see instr.)	(2) Estate's or trust's	(3) Total
<b>Caution: Read the instructions before completing this part.</b>				
13 Net short-term gain or (loss) . . . . .	13			113,131.
14 Net long-term gain or (loss):				
a Total for year . . . . .	14a			239,565.
b Unrecaptured section 1250 gain (see line 18 of the wrksht.) . . . . .	14b			
c 28% rate gain . . . . .	14c			
15 Total net gain or (loss). Combine lines 13 and 14a ► 15				352,696.

**Note:** If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Form 990-T, Part I, line 4a). If lines 14a and 15, column (2), are net gains, go to Part V, and do not complete Part IV. If line 15, column (3), is a net loss, complete Part IV and the Capital Loss Carryover Worksheet necessary.

<b>Part IV Capital Loss Limitation</b>	
16 Enter here and enter as a (loss) on Form 1041, line 4 (or Form 990-T, Part I, line 4c, if a trust), the smaller of:	16
a The loss on line 15, column (3) <b>or</b> b \$3,000	

**Note:** If the loss on line 15, column (3), is more than \$3,000, or if Form 1041, page 1, line 22 (or Form 990-T, line 34), is a loss, complete the Capital Loss Carryover Worksheet on page 7 of the instructions to figure your capital loss carryover.

<b>Part V Tax Computation Using Maximum Capital Gains Rates</b>	
---	--

**Form 1041 filers.** Complete this part only if both lines 14a and 15 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), and Form 1041, line 22, is more than zero.

**Caution:** Skip this part and complete the worksheet on page 8 of the instructions if:

- Either line 14b, col. (2) or line 14c, col. (2) is more than zero, or
- Both Form 1041, line 2b(1), and Form 4952, line 4g are more than zero.

**Form 990-T trusts.** Complete this part only if both lines 14a and 15 are gains, or qualified dividends are included in income in Part I of Form 990-T, and Form 990-T, line 34, is more than zero. Skip this part and complete the worksheet on page 8 of the instructions if either line 14b, col. (2) or line 14c, col. (2) is more than zero.

17 Enter taxable income from Form 1041, line 22 (or Form 990-T, line 34) . . . . .	17			
18 Enter the smaller of line 14a or 15 in column (2) but not less than zero . . . . .	18			
19 Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) (or enter the qualified dividends included in income in Part I of Form 990-T) . . . . .	19			
20 Add lines 18 and 19 . . . . .	20			
21 If the estate or trust is filing Form 4952, enter the amount from line 4g; otherwise, enter -0- ► 21	21			
22 Subtract line 21 from line 20. If zero or less, enter -0- . . . . .	22			
23 Subtract line 22 from line 17. If zero or less, enter -0- . . . . .	23			
24 Enter the smaller of the amount on line 17 or \$2,300 . . . . .	24			
25 Is the amount on line 23 equal to or more than the amount on line 24?				
<input type="checkbox"/> Yes. Skip lines 25 and 26, go to line 27 and check the "No" box.	25			
<input type="checkbox"/> No. Enter the amount from line 23 . . . . .	26			
26 Subtract line 25 from line 24 . . . . .	26			
27 Are the amounts on lines 22 and 26 the same?				
<input type="checkbox"/> Yes. Skip lines 27 thru 30, go to line 31	27			
<input type="checkbox"/> No. Enter the smaller of line 17 or line 22 . . . . .	28			
28 Enter the amount from line 26 (if line 26 is blank, enter -0-) . . . . .	28			
29 Subtract line 28 from line 27 . . . . .	29			
30 Multiply line 29 by 15% (15) . . . . .	30			
31 Figure the tax on the amount on line 23. Use the 2010 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041) . . . . .	31			
32 Add lines 30 and 31 . . . . .	32			
33 Figure the tax on the amount on line 17. Use the 2010 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041) . . . . .	33			
34 Tax on all taxable income. Enter the smaller of line 32 or line 33 here and on Form 1041, Schedule G, line 1a (or Form 990-T, line 36) . . . . .	34			

Name of estate or trust as shown on Form 1041. Do not enter name and employer identification number if shown on the other side.

**Employer identification number**

**Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year**

6b Total. Combine the amounts in column (f). Enter here and on Schedule D, line 6b . . . . . 102,403.

JSA  
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Schedule D-1 (Form 1041) 2010

Kessler Family Foundation

US Form 990-PF

Part IV - Capital Gain/Loss for Tax on Investment Income

December 31, 2010

04-3213614

Description	Quantity	Proceeds	Cost Basis	Short-Term Realized Gain/Loss	Long-Term Realized Gain/Loss
BNP RTY NOTE 05/12/11 (80% CONTIN BARRIER-0% PMT -7%CAP) INITIAL LEVEL-RTY 04/09/10 702 95	100,000	107,000 00	100,000 00	7,000 00	0 00
CS SPX OPT ENTRY REN 12/02/10 (3XLEV- 4 5%CAP-13 5%MAXPYMT) INITIAL LEVEL-08/13/09 SPX 1012 73	200,000	227,000 00	200,000 00	0 00	27,000 00
GS 12M EAFE BREN 10/21/10 (10% BUFFER-2XLEV-7 56%CAP 15 12% MAXPYMT) INITIAL LEVEL-10/02/09 SX5E 2760 60 UKX 4988 70 TPX 874 67	125,000	131,535 01	125,000 00	0 00	6,535 01
GS 9M RTY TACTICAL TRADE 10/26/2010 (79 6% CONTIN BARRIER-2 0% PMT -7% CAP) INITIAL LEVEL-RTY 1/15/10 637 96	100,000	107,000 00	100,000 00	7,000 00	0 00
HSBC EAFE BREN 09/23/10 (10%BUFFER- 2XLEV-7%CAP-14%MAXPYMT) INITIAL LEVEL-9/10/09 SX5E 2733 54 UKX 4851 70 TPX 935 74	200,000	209,019 07	200,000 00	0 00	9,019 07
HSBC EAFE BREN 10/06/10 (10%BUFFER- 2XLEV-7 3%CAP-14 6%MAXPYMT) INITIAL LEVEL-9/18/09 SX5E 2887 24 UKX 5172 89 TPX 939 44	125,000	128,554 24	125,000 00	0 00	3,554 24
ISHARES BARCLAYS TIPS BOND FUND	26,385	2,765,097 73	2,704,880 05	60,217 68	0 00
JPM INTREPID AMERICA FD - SEL FUND 1206	4,341	91,068 91	80,000 00	11,068 91	0 00
JPM SHORT DURATION BOND FD - SEL FUND 3133 1 23%	253,991	2,770,000 00	2,742,156 23	27,843 77	0 00
MS 12M ASIA BSKT BREN 09/29/10 (10%BUFFER- 2XLEV-9 7%CAP-19 4%MAXPYMT) INITIAL LEVEL-9/11/09 ASIA 100 00	150,000	175,095 00	150,000 00	0 00	25,095 00
MS SPX OPT ENTRY REN 12/30/10 (3XLEV- 5 2%CAP-15 6%MAXPYMT) INITIAL LEVEL-09/11/09 SPX 1042 73	200,000	231,200 00	200,000 00	0 00	31,200 00
<b>Totals</b>				<b>113,130 36</b>	<b>102,403 32</b>
<b>LTG Dist</b>				<b>137,161 51</b>	<b>239,564 83</b>

All assets are publicly traded

**Kessler Family Foundation**  
**US Form 990-PF**  
**Part II - Balance Sheets**  
**December 31, 2010**

**END OF YEAR**

	<b>Quantity</b>	<b>Cost</b>	<b>FMV</b>
<b>Line 10a- US Govt Obligations</b>			
ISHARES BARCLAYS TIPS BOND FUND	24,930	<u>2,545,108</u>	<u>2,680,474</u>
<b>Line 10b- Corporate Stock Investments</b>			
ARTIO INTERNATIONAL EQUITY II - I	29,710	355,000	370,182
DODGE & COX INTERNATIONAL STOCK	11,449	355,000	408,832
EATON VANCE SPL INV'T TR VALUE FD CL I	63,542	1,025,000	1,160,912
HARTFORD CAPITAL APPRECIATION FUND	10,136	275,000	351,109
ISHARES S&P GSCI COMMODITY-INDEXED TRUST	31,000	995,883	1,057,100
ISHARES RUSSELL MIDCAP INDEX FUND	3,648	290,094	371,184
ISHARES S&P MIDCAP 400 INDEX FUND	6,513	445,436	590,664
IVY GLOBAL NATURAL RESOURCE-I	5,008	100,000	110,315
JPMORGAN SMALL CAP GROWTH FUND SELECT SHARE CLASS FUND 3136	20,513	160,000	239,795
JPMORGAN TR I US LARGE CAP VALUE PLUS SELECT SHARE CLASS FUND 1513	25,253	300,000	302,778
MANAGERS AMG FUNDS-TIMESQUARE MID CAP GROWTH FUND	7,713	80,000	107,363
MANNING & NAPIER FUND INC EQUITY SERIES	13,279	230,000	255,895
MATTHEWS PACIFIC TIGER FD	23,767	425,000	557,089
PROFESSIONALLY MANAGED PORTFOLIOS THE OSTERWEIS FUND	12,625	275,000	342,132
SPDR GOLD TRUST	3,230	373,357	448,066
THREADNEEDLE ASIA PACIFIC FUND - R5	36,439	<u>435,000</u>	<u>515,605</u>
		<u>6,119,769</u>	<u>7,189,020</u>
<b>Line 13- Other Investments</b>			
DREYFUS/LAUREL FDS TR PRM EMRGN MK I	36,792	500,000	532,009
EATON VANCE MUT FDS TR FLT RT CL I	114,857	1,000,000	1,029,116
GOLDMAN SACHS TRUST HIGH YIELD FUND INSTITUTIONAL SHS	385,956	2,700,000	2,817,479
HSBC ASIA BREN 02/03/11	275,000	275,000	316,938
INTER AMERICAN DEVEL BK - CLP 6% JUN 03 2013 DTD 06/03/2008 HELD BY			
EUROCLEAR ISIN XS0366414364 SEDOL B39QPQ0	225,000,000	485,887	496,330
INTL BK RECON & DEVELOP - TRY 9% JAN 25 2013 DTD 01/25/2010 HELD BY			
EUROCLEAR ISIN XS0479862814 SEDOL B62QK52	625,000	463,645	429,467
J P MORGAN - BLACKROCK OPPORTUNISTIC RMBS LTD (INCOME			
DISTRIBUTION) - 10-09	500	500,000	557,930
JPMORGAN HIGH YIELD BOND FUND SELECT CLASS FUND 3580 6 82%	149,559	1,145,458	1,218,909
JPMORGAN HIGH YIELD BOND FUND SELECT CLASS FUND 3580 6 82%	120,984	616,359	986,021
JPMORGAN SHORT DURATION BOND FUND SELECT CLASS FUND 3133 1 23%	121,433	1,314,866	1,332,117
PIMCO LOW DURATION FUND	96,525	1,000,000	1,002,896
PIMCO TOTAL RETURN FUND	487,022	5,134,045	5,284,190
VANGUARD FIXED INCOME SEC'S F INTR TRM CP PT (FUND 71)	294,748	2,750,000	2,923,901
BLACKSTONE COMMERCIAL REAL ESTATE DEBT CLASS A (OFFSHORE)	1,500,000	<u>85,540</u>	<u>78,041</u>
		<u>17,970,800</u>	<u>19,005,344</u>
Accrued Income		<u>43,409</u>	<u>126,450</u>
		<u>18,014,209</u>	<u>19,131,794</u>