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

2010

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: WILLIAM M. HALES FOUNDATION 23-97453

A Employer identification number: 36-3735095

Number and street (or P O box number if mail is not delivered to street address) Room/suite: 120 W. MADISON STREET, SUITE 700-E

B Telephone number (see page 10 of the instructions): (312) 630-6000

City or town, state, and ZIP code: CHICAGO, IL 60602

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)* ▶ $ 5,454,896.

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

ENVELOPE POSTMARK DATE MAR 24 2011

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).)*

	Line	(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 (attach schedule)				
	2 Check ▶ ☐ if the foundation is **not** required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	122,849.	122,849.		STMT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-62,584.			
	b Gross sales price for all assets on line 6a 1,737,629.				
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)	-4,152.			STMT 2
	12 **Total.** Add lines 1 through 11	56,113.	122,849.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages		NONE	NONE	
	15 Pension plans, employee benefits		NONE	NONE	
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule) STMT 3	1,000.	500.	NONE	500.
	c Other professional fees (attach schedule) STMT 4	29,873.	29,873.		
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions) STMT 5	3,435.	2,003.		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings		NONE	NONE	
	22 Printing and publications		NONE	NONE	
	23 Other expenses (attach schedule) STMT 6	25.			25.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	34,333.	32,376.	NONE	525.
	25 Contributions, gifts, grants paid	285,200.			285,200.
	26 **Total expenses and disbursements** Add lines 24 and 25	319,533.	32,376.	NONE	285,725.
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	-263,420.			
	b **Net investment income** (if negative, enter -0-)		90,473.		
	c **Adjusted net income** (if negative, enter -0-)				

RECEIVED APR 01 2011 OGDEN, UT E2-699 IRS-OSC

SCANNED APR 07 2011

Part II Balance Sheets

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

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets 1	Cash - non-interest-bearing			
2	Savings and temporary cash investments	290,257.	203,597.	203,597.
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) ▶			
	Less: allowance for doubtful accounts ▶ NONE			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges			
10 a	Investments - U S and state government obligations (attach schedule)			
b	Investments - corporate stock (attach schedule) STMT 7	3,838,953.	3,395,974.	4,222,397.
c	Investments - corporate bonds (attach schedule) STMT 8	396,112.	711,870.	738,301.
11	Investments - land, buildings, and equipment basis ▶			
	Less: accumulated depreciation (attach schedule) ▶			
12	Investments - mortgage loans			
13	Investments - other (attach schedule) STMT 9	298,155.	248,616.	290,601.
14	Land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶			
15	Other assets (describe ▶)			
16	**Total assets** (to be completed by all filers - see the instructions. Also, see page 1, item I)	4,823,477.	4,560,057.	5,454,896.
Liabilities 17	Accounts payable and accrued expenses			
18	Grants payable			
19	Deferred revenue			
20	Loans from officers, directors, trustees, and other disqualified persons			
21	Mortgages and other notes payable (attach schedule)			
22	Other liabilities (describe ▶)			
23	**Total liabilities** (add lines 17 through 22)			
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
24	Unrestricted			
25	Temporarily restricted			
26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ X			
27	Capital stock, trust principal, or current funds	4,823,477.	4,560,057.	
28	Paid-in or capital surplus, or land, bldg., and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds			
30	**Total net assets or fund balances** (see page 17 of the instructions)	4,823,477.	4,560,057.	
31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	4,823,477.	4,560,057.	

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	4,823,477.
2	Enter amount from Part I, line 27a	2	-263,420.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	4,560,057.
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	4,560,057.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr.)	(d) Date sold (mo., day, yr.)
1a	SEE PART IV DETAIL			
b				
c				
d				
e				

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

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

	(i) 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				
b				
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 } 2 -62,584.

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

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

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

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

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col. (c))
2009	289,011.	4,623,252.	0.06251249121
2008	293,575.	5,682,571.	0.05166235494
2007	293,920.	6,679,493.	0.04400333977
2006	246,920.	6,246,882.	0.03952691919
2005	323,308.	5,954,480.	0.05429659685

2	**Total** of line 1, column (d)	2	0.25200170196
3	Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.05040034039
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	5,066,283.
5	Multiply line 4 by line 3	5	255,342.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	905.
7	Add lines 5 and 6	7	256,247.
8	Enter qualifying distributions from Part XII, line 4	8	285,725.

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 ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter ______ (attach copy of ruling letter if necessary - see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☒ and enter 1% of Part I, line 27b	1	905.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	905.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	NONE
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	905.
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010 — 6a: 1,332.		
b	Exempt foreign organizations-tax withheld at source — 6b: NONE		
c	Tax paid with application for extension of time to file (Form 8868) — 6c: NONE		
d	Backup withholding erroneously withheld — 6d:		
7	Total credits and payments. Add lines 6a through 6d	7	1,332.
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	427.
11	Enter the amount of line 10 to be: **Credited to 2011 estimated tax** ▶ 427. **Refunded** ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		X
	If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ▶$ ______ (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? *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?	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 page 19 of the instructions) ▶ STMT 10			
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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? *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 page 20 of the instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ THE NORTHERN TRUST COMPANY Telephone no. ▶ (312)630-6000
Located at ▶ P.O. BOX 803878, CHICAGO, IL ZIP + 4 ▶ 60680

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

		Line	Yes	No
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. 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.

		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 22 of the instructions)?	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 2010?	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? ☐ 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 page 22 of the instructions.)	2b		X
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ____, ____, ____, ____			
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 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.)*	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 2010?	4b		X

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

		Yes	No
5a During the year did the foundation pay or incur any amount to:			
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No			
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No			
(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No			
(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☒ No			
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No			
b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)?	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? ☐ 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? *If "Yes" to 6b, file Form 8870*	6b		X
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?	7b		

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

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

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

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 23 of the instructions). If none, enter "NONE."

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

Total number of other employees paid over $50,000 ▶ NONE

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		NONE
Total number of others receiving over $50,000 for professional services . . . . . . ▶		NONE

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

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 NONE	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments** (see page 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 NONE	
2	
All other program-related investments See page 24 of the instructions 3 NONE	
Total. Add lines 1 through 3 . . . . . . ▶	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	5,143,435.
b	Average of monthly cash balances	1b	NONE
c	Fair market value of all other assets (see page 25 of the instructions)	1c	NONE
d	**Total** (add lines 1a, b, and c)	1d	5,143,435.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	NONE
3	Subtract line 2 from line 1d	3	5,143,435.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions)	4	77,152.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5,066,283.
6	**Minimum investment return.** Enter 5% of line 5	6	253,314.

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	253,314.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	905.		
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b			
c	Add lines 2a and 2b			2c	905.
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	252,409.
4	Recoveries of amounts treated as qualifying distributions			4	NONE
5	Add lines 3 and 4			5	252,409.
6	Deduction from distributable amount (see page 25 of the instructions)			6	NONE
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1			7	252,409.

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	285,725.
b	Program-related investments - total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	285,725.
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	905.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	284,820.

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					252,409.
2 Undistributed income, if any, as of the end of 2010					
a Enter amount for 2009 only				NONE	
b Total for prior years: 20 08 ,20____,20____			NONE		
3 Excess distributions carryover, if any, to 2010:					
a From 2005	29,443.				
b From 2006	NONE				
c From 2007	NONE				
d From 2008	11,904.				
e From 2009	60,512.				
f **Total** of lines 3a through e		101,859.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ $ 285,725.					
a Applied to 2009, but not more than line 2a				NONE	
b Applied to undistributed income of prior years (Election required - see page 26 of the instructions)			NONE		
c Treated as distributions out of corpus (Election required - see page 26 of the instructions)		NONE			
d Applied to 2010 distributable amount					252,409.
e Remaining amount distributed out of corpus		33,316.			
5 Excess distributions carryover applied to 2010 *(If an amount appears in column (d), the same amount must be shown in column (a).)*		NONE			NONE
6 **Enter the net total of each column as indicated below:**					
a Corpus. Add lines 3f, 4c, and 4e Subtract line 5		135,175.			
b Prior years' undistributed income Subtract line 4b from line 2b			NONE		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed			NONE		
d Subtract line 6c from line 6b Taxable amount - see page 27 of the instructions			NONE		
e Undistributed income for 2009. Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions				NONE	
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011					NONE
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)		NONE			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)		29,443.			
9 **Excess distributions carryover to 2011.** Subtract lines 7 and 8 from line 6a		105,732.			
10 Analysis of line 9:					
a Excess from 2006	NONE				
b Excess from 2007	NONE				
c Excess from 2008	11,904.				
d Excess from 2009	60,512.				
e Excess from 2010	33,316.				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, 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) 2010	(b) 2009	(c) 2008	(d) 2007	(e) Total
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test- enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942 (j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 Information Regarding Foundation Managers:

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

N/A

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.

N/A

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

Check here ▶ [X] 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 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**				285,200.
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

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					
4 Dividends and interest from securities			14	122,849.	
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					
8 Gain or (loss) from sales of assets other than inventory			18	-62,584.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b DEFERRED INCOME			14	-4,152.	
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				56,113.	

13 **Total.** Add line 12, columns (b), (d), and (e) . . . 13 56,113.

(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.)
	NOT APPLICABLE

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

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

John W. Hales | 3/16/11 | TREASURER

Signature of officer or trustee | Date | Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
NATALIA TCHERE	Natalia Tcher	03/09/11		P01306295

Firm's name ▶ THE NORTHERN TRUST COMPANY — Firm's EIN ▶ 36-1561860

Firm's address ▶ P.O. BOX 803878 CHICAGO, IL 60680 — Phone no

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

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj. basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
		TOTAL LONG-TERM CAPITAL GAIN DIVIDENDS					9,039.	
		650. FRANKLIN RESOURCES INC PROPERTY TYPE: SECURITIES					03/20/2006	01/22/2010
66,670.00		66,333.00					337.00	
		1000. LOCKHEED MARTIN CORP PROPERTY TYPE: SECURITIES					08/22/2002	01/22/2010
76,243.00		62,443.00					13,800.00	
		2175. LOWES COMPANIES INC PROPERTY TYPE: SECURITIES					04/30/2002	01/22/2010
49,676.00		45,831.00					3,845.00	
		1000. NATIONAL-OILWELL INC PROPERTY TYPE: SECURITIES					03/20/2006	01/22/2010
43,859.00		30,025.00					13,834.00	
		10960.35 MFB NRTHN MULTIMGR MID" FOR NMM PROPERTY TYPE: SECURITIES					03/26/2007	01/22/2010
101,712.00		120,145.00					-18,433.00	
		2600. SEI INVESTMENTS CO PROPERTY TYPE: SECURITIES					03/20/2006	01/22/2010
49,035.00		53,089.00					-4,054.00	
		2575. TEXAS INSTRUMENTS INC PROPERTY TYPE: SECURITIES					11/09/2005	01/22/2010
61,307.00		79,431.00					-18,124.00	
		2375. ISHARES MSCI EMERGING MKTS INDEX F PROPERTY TYPE: SECURITIES					09/16/2005	05/07/2010
90,375.00		64,861.00					25,514.00	
		12355.49 MFB NORTHN MULTI-MANAGER INTL E PROPERTY TYPE: SECURITIES					03/26/2007	05/07/2010
103,539.00		146,289.00					-42,750.00	
		1250. BHP LTD SPONSORED ADR PROPERTY TYPE: SECURITIES					07/02/2009	05/10/2010
87,697.00		66,449.00					21,248.00	

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

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj. basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
		1000. TRANSOCEAN LTD PROPERTY TYPE: SECURITIES					12/31/2008	05/12/2010
70,088.00		48,252.00					21,836.00	
		1600. ADOBE SYS INC PROPERTY TYPE: SECURITIES					03/26/2007	07/06/2010
41,857.00		68,255.00					-26,398.00	
		150. APPLE COMPUTER INC PROPERTY TYPE: SECURITIES					04/20/2006	07/06/2010
37,094.00		10,211.00					26,883.00	
		1500. BAXTER INTL INC PROPERTY TYPE: SECURITIES					06/26/2008	07/06/2010
62,310.00		94,575.00					-32,265.00	
		1000. CISCO SYS INC PROPERTY TYPE: SECURITIES					08/05/1999	07/06/2010
21,090.00		30,500.00					-9,410.00	
		450. WALT DISNEY CO PROPERTY TYPE: SECURITIES					06/29/2005	07/06/2010
14,184.00		11,310.00					2,874.00	
		1100. INTEL CORP COM PROPERTY TYPE: SECURITIES					04/21/1999	07/06/2010
21,219.00		29,156.00					-7,937.00	
		650. STATE STREET CORP PROPERTY TYPE: SECURITIES					09/20/2006	07/06/2010
21,541.00		40,973.00					-19,432.00	
		800. BECTON DICKINSON & CO PROPERTY TYPE: SECURITIES					11/21/2006	08/18/2010
57,735.00		57,097.00					638.00	
		200. APPLE COMPUTER INC PROPERTY TYPE: SECURITIES					04/20/2006	10/15/2010
62,127.00		13,615.00					48,512.00	
		1750. GILEAD SCIENCES INC PROPERTY TYPE: SECURITIES					07/20/2007	10/15/2010
65,626.00		68,341.00					-2,715.00	

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

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj. basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
		1500. ITT INDS INC PROPERTY TYPE: SECURITIES					02/16/2007	10/15/2010
71,616.00		91,045.00					-19,429.00	
		2225. ACCENTURE PLC SHS CL A NEW PROPERTY TYPE: SECURITIES					04/12/2004	10/15/2010
100,660.00		56,931.00					43,729.00	
		100000. SBC COMMUNICATIONS INC NT 5.3% D PROPERTY TYPE: SECURITIES					03/29/2007	11/15/2010
100,000.00		100,716.00					-716.00	
		475. BLACKROCK INC CL A PROPERTY TYPE: SECURITIES					10/18/2007	11/23/2010
77,432.00		91,186.00					-13,754.00	
		1500. NEXTERA ENERGY INC COM PROPERTY TYPE: SECURITIES					06/26/2008	11/23/2010
76,649.00		96,052.00					-19,403.00	
		12325.56 MFB NORTHERN FDS GLOBAL REAL ES PROPERTY TYPE: SECURITIES					12/19/2008	11/23/2010
97,249.00		157,102.00					-59,853.00	
TOTAL GAIN(LOSS)							-62,584.	

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

DESCRIPTION		REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
DIVIDENDS AND INTEREST		122,849.	122,849.
	TOTAL	122,849.	122,849.

FORM 990PF, PART I - OTHER INCOME

DESCRIPTION		REVENUE AND EXPENSES PER BOOKS
DEFERRED INCOME		-4,152.
	TOTALS	-4,152.

FORM 990PF, PART I - ACCOUNTING FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
TAX PREPARATION	1,000.	500.		500.
TOTALS	1,000.	500.	NONE	500.

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
INVESTMENT ADVISORY	29,873.	29,873.
TOTALS	29,873.	29,873.

FORM 990PF, PART I - TAXES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
FOREING TAXES	2,003.	2,003.
ESTIMATED TAX	1,332.	
FEDERAL TAX - PRIOR YEAR	100.	
TOTALS	3,435.	2,003.

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	CHARITABLE PURPOSES
IL SEC. OF STATE	10.	10.
IL ATTORNEY GENERAL	15.	15.
TOTALS	25.	25.

FORM 990PF, PART II - CORPORATE STOCK

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
SEE ATTACHED SCHEDULE	3,395,974.	4,222,397.
TOTALS	3,395,974.	4,222,397.

FORM 990PF, PART II - CORPORATE BONDS

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
SEE ATTACHED SCHEDULE	711,870.	738,301.
TOTALS	711,870.	738,301.

WILLIAM M. HALES FOUNDATION 23-97453 36-3735095

FORM 990PF, PART II - OTHER INVESTMENTS

DESCRIPTION	COST/ FMV C OR F	ENDING BOOK VALUE	ENDING FMV
SEE ATTACHED SCHEDULE	C	248,616.	290,601.
TOTALS		248,616.	290,601.

STATE(S) WHERE THE FOUNDATION IS REGISTERED

IL

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

OFFICER NAME:
MARY C. HALES
ADDRESS:
120 W. MADISON STREET, SUITE 700-E
CHICAGO, IL 60602
TITLE:
PRESIDENT & DIRECTOR

OFFICER NAME:
JOHN W. HALES
ADDRESS:
120 W. MADISON STREET, SUITE 700-E
CHICAGO, IL 60602
TITLE:
SECRETARY/TREASURER & DIRECTOR

OFFICER NAME:
CATHERINE L. HALES
ADDRESS:
120 W. MADISON STREET, SUITE 700-E
CHICAGO, IL 60602
TITLE:
DIRECTOR

OFFICER NAME:
ERICK W. HALES
ADDRESS:
120 W. MADISON STREET, SUITE 700-E
CHICAGO, IL 60602
TITLE:
DIRECTOR

FORM 990PF, PART XV, LINE 3 - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME:
SEE ATTACHED SCHEDULE
RELATIONSHIP:
NONE
PURPOSE OF GRANT:
GENERAL
FOUNDATION STATUS OF RECIPIENT:
PUBLIC CHARITY
AMOUNT OF GRANT PAID .... 285,200.

TOTAL GRANTS PAID: 285,200.

STATEMENT 12

◆ Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	Translation	Total
Equity Securities							
Common stock							
Canada - USD							
SUNCOR ENERGY INC NEW COM STK CUSIP 867224107							
1,500 000	38 29	0 00	57,435 00	51,482 85	5,952 15	0 00	5,952 15
Total USD		0 00	57,435 00	51,482 85	5,952 15	0 00	5,952 15
Total Canada		0 00	57,435 00	51,482 85	5,952 15	0 00	5,952 15
Switzerland - USD							
ADR NOVARTIS AG CUSIP 66987V109							
1,125 000	58 95	0 00	66,318 75	57,591 90	8,726 85	0 00	8,726 85
Total USD		0 00	66,318 75	57,591 90	8,726 85	0 00	8,726 85
Total Switzerland		0 00	66,318 75	57,591 90	8,726 85	0 00	8,726 85
United States - USD							
ABBOTT LAB COM CUSIP 002824100							
1,500 000	47 91	0 00	71 865 00	79,182 15	-7,317 15	0 00	-7,317 15
AIR PROD & CHEM INC COM CUSIP 009158106							
1,100 000	90 95	539 00	100,045 00	69,401 42	30,643 58	0 00	30,643 58
APPLE INC COM STK CUSIP 037833100							
400 000	322 56	0 00	129,024 00	24,589 64	104,434 36	0 00	104,434 36
BERKSHIRE HATHAWAY INC-CL B CUSIP 084670702							
625 000	80 11	0 00	50,068 75	52,228 19	-2,159 44	0 00	-2,159 44

◆ Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	Unrealized gain/loss Translation	Unrealized gain/loss Total
Equity Securities							
Common stock							
United States - USD							
CISCO SYSTEMS INC CUSIP 17275R102							
4,000 000	20 23	0 00	80,920 00	122,000 00	-41,080 00	0 00	-41,080 00
COVIDIEN PLC USD0 20 CUSIP G2554F105							
1,575 000	45 66	0 00	71,914 50	64,370 25	7,544 25	0 00	7,544 25
DARDEN RESTAURANTS INC COM CUSIP 237194105							
2,000 000	46 44	0 00	92,880 00	66,805 00	26,075 00	0 00	26,075 00
DOMINION RES INC VA NEW COM CUSIP 25746U109							
1,500 000	42 72	0 00	64,080 00	63,853 50	226 50	0 00	226 50
EXXON MOBIL CORP COM CUSIP 30231G102							
1,050 000	73 12	0 00	76,776 00	67,605 93	9,170 07	0 00	9,170 07
FEDEX CORP COM CUSIP 31428X106							
1,250 000	93 01	0 00	116,262 50	118,218 63	-1,956 13	0 00	-1,956 13
FRKLN RES INC COM CUSIP 354613101							
700 000	111 21	175 00	77,847 00	79,172 66	-1,325 66	0 00	-1,325 66
GENERAL ELECTRIC CO CUSIP 369604103							
3,900 000	18 29	546 00	71,331 00	21,029 13	50,301 87	0 00	50,301 87
GENERAL MILLS INC COM CUSIP 370334104							
2,600 000	35 59	0 00	92,534 00	66,232 40	26,301 60	0 00	26,301 60

◆ Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	Translation	Total
Equity Securities							
Common stock							
United States - USD							
GRAINGER W W INC COM CUSIP 384802104							
600 000	138 11	0 00	82,866 00	72,614 58	10,251 42	0 00	10,251 42
INTEL CORP COM CUSIP 458140100							
4,000 000	21 03	0 00	84,120 00	74,062 50	10,057 50	0 00	10,057 50
JOHNSON & JOHNSON COM USD1 CUSIP 478160104							
1,550 000	61 85	0 00	95,867 50	83,917 93	11,949 57	0 00	11,949 57
JPMORGAN CHASE & CO COM CUSIP 46625H100							
2,000 000	42 42	0 00	84,840 00	80,300 00	4,540 00	0 00	4,540 00
LOWES COS INC COM CUSIP 548661107							
2,300 000	25 08	0 00	57,684 00	49,242 31	8,441 69	0 00	8,441 69
MICROSOFT CORP COM CUSIP 594918104							
3,500 000	27 92	0 00	97,720 00	59,800 78	37,919 22	0 00	37,919 22
NATIONAL OILWELL VARCO COM STK CUSIP 637071101							
2,000 000	67 25	0 00	134,500 00	55,517 51	78,982 49	0 00	78,982 49
PEPSICO INC COM CUSIP 713448108							
1,500 000	65 33	720 00	97,995 00	82,455 00	15,540 00	0 00	15,540 00
PROCTER & GAMBLE COM NPV CUSIP 742718109							
1,500 000	64 33	0 00	96,495 00	68,062 50	28,432 50	0 00	28,432 50

◆ Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	 Translation	 Total
Equity Securities							
Common stock							
United States - USD							
SALESFORCE COM INC COM STK CUSIP 79466L302							
600 000	132 00	0 00	79,200 00	64,692 36	14,507 64	0 00	14,507 64
SCHLUMBERGER LTD COM COM CUSIP 806857108							
1,500 000	83 50	315 00	125,250 00	91,140 50	34,109 50	0 00	34,109 50
SCHWAB CHARLES CORP COM NEW CUSIP 808513105							
4,000 000	17 11	0 00	68,440 00	75,920 00	-7 480 00	0 00	-7,480 00
STAPLES INC COM CUSIP 855030102							
3,650 000	22 77	328 50	83,110 50	77,599 00	5,511 50	0 00	5,511 50
UNITED TECHNOLOGIES CORP COM CUSIP 913017109							
1,525 000	78 72	0 00	120,048 00	56,625 69	63,422 31	0 00	63,422 31
US BANCORP CUSIP 902973304							
4,000 000	26 97	200 00	107,880 00	70,078 40	37,801 60	0 00	37,801 60
WAL-MART STORES INC COM CUSIP 931142103							
1,500 000	53 93	453 75	80,895 00	8,452 50	72,442 50	0 00	72,442 50
WALT DISNEY CO CUSIP 254687106							
2,500 000	37 51	1,000 00	93,775 00	62,835 70	30,939 30	0 00	30,939 30
Total USD		4,277 25	2,686,233 75	2,028,006 16	658,227 59	0 00	658,227 59
Total United States		4,277 25	2,686,233 75	2,028,006 16	658,227 59	0 00	658,227 59

◆ Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	Translation	Total
Equity Securities							
Total Common Stock							
63,050 000		**4,277.25**	**2,809,987.50**	**2,137,080 91**	**672,906 59**	**0.00**	**672,906.59**
Equity funds							
Emerging Markets Region - USD							
MFC ISHARES TR MSCI EMERGING MKTS INDEX FD CUSIP 464287234							
6,700 000	47 62	168 30	319,054 00	235,269 50	83,784 50	0 00	83,784 50
Total USD		168 30	319,054 00	235,269 50	83,784 50	0 00	83,784 50
Total Emerging Markets Region		168 30	319,054 00	235,269 50	83,784 50	0 00	83,784 50
Europe, Australia, and Far East Region - USD							
MFC ISHARES TR MSCI EAFE INDEX FD CUSIP 464287465							
6,475 000	58 23	0 00	377,039 25	347,465 10	29,574 15	0 00	29,574 15
Total USD		0 00	377,039 25	347,465 10	29,574 15	0 00	29,574 15
Total Europe, Australia, and Far East Region		0 00	377,039 25	347,465 10	29,574 15	0 00	29,574 15
International Region - USD							
MFB NORTHN MULTI-MANAGER INTL EQTY FD CUSIP 665162558							
29,748 820	9 94	0 00	295,703 27	295,499 08	204 19	0 00	204 19
Total USD		0 00	295,703 27	295,499 08	204 19	0 00	204 19
Total International Region		0 00	295,703 27	295,499 08	204 19	0 00	204 19
United States - USD							
MFB NORTHN MULTI-MANAGER MID CAP FD CUSIP 665162574							
16,484 580	11 65	0 00	192,045 35	164,845 80	27,199 55	0 00	27,199 55

Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	Translation	Total
Equity Securities							
Equity funds							
United States - USD							
MFB NORTHN MULTI-MANAGER SMALL CAP FD CUSIP 665162566							
22,212 560	10 29	0 00	228,567 24	215,813 90	12,753 34	0 00	12,753 34
Total USD		0 00	420,612 59	380,659 70	39,952 89	0 00	39,952 89
Total United States		0 00	420,612 59	380,659 70	39,952 89	0 00	39,952 89
Total Equity Funds							
81,620.960		**168 30**	**1,412,409.11**	**1,258,893.38**	**153,515.73**	**0.00**	**153,515.73**
Total Equity Securities							
144,670.960		**4,445 55**	**4,222,396.61**	**3,395,974 29**	**826,422.32**	**0.00**	**826,422.32**
Fixed Income Securities							
Corporate/government							
United States - USD							
CAMPBELL SOUP CO 3 05% DUE 07-15-2017 CUSIP 134429AV1							
100,000 000	100 458	1,482 63	100,458 00	100,760 00	-302 00	0 00	-302 00
Issue Date 06 Jul 10 Rate 3 05% Yield to Maturity 2 942% Maturity Date 15 Jul 17							
CISCO SYS INC 5 25% DUE 02-22-2011 CUSIP 17275RAB8							
100,000 000	100 6266	1,881 25	100,626 60	100,727 00	-100 40	0 00	-100 40
Rate 5 25% Yield to Maturity 0 84% Maturity Date 22 Feb 11							
MFB NORTHN HI YIELD FXD INC FD CUSIP 665162699							
30,696 850	7 30	0 00	224,087 00	205,791 00	18,296 00	0 00	18,296 00
Issue Date 25 Aug 08							

◆ Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	Translation	Total
Fixed Income Securities							
Corporate/government							
United States - USD							
MORGAN STANLEY GLOBAL NT 5 3 DUE 03-01-2013 BEO CUSIP 617446HR3							
100,000 000	106 5618	1,766 66	106,561 80	99,669 00	6,892 80	0 00	6,892 80
Issue Date 26 Feb 03 Rate 5 30% Yield to Maturity 1 925% Maturity Date 01 Mar 13							
PHILIP MORRIS INTL 4 5% DUE 03-26-2020 CUSIP 718172AH2							
100,000 000	103 2733	1,187 50	103,273 30	102,445 00	828 30	0 00	828 30
Issue Date 26 Mar 10 Rate 4 50% Yield to Maturity 4 07% Maturity Date 26 Mar 20							
TOYOTA MTR CR CORP MEDIUM TERM NTS 3 2 DUE 06-17-2015 CUSIP 89233P4B9							
100,000 000	103 2939	124 44	103,293 90	102,478 00	815 90	0 00	815 90
Issue Date 17 Jun 10 Rate 3 20% Yield to Maturity 2 453% Maturity Date 17 Jun 15							
Total USD		6,442 48	738,300 60	711,870 00	26,430 60	0 00	26,430 60
Total United States		6,442 48	738,300 60	711,870 00	26,430 60	0 00	26,430 60
Total Corporate/Government **530,696.850**		**6,442.48**	**738,300.60**	**711,870 00**	**26,430.60**	**0.00**	**26,430.60**
Total Fixed Income Securities **530,696.850**		**6,442 48**	**738,300.60**	**711,870.00**	**26,430.60**	**0.00**	**26,430.60**

Real Estate

Real estate funds

Global Region - USD

◆ Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	Translation	Total
Real Estate							
Real estate funds							
Global Region - USD							
MFB NORTHN FDS MULTI-MANAGER GLOBAL REALESTATE FD CUSIP 665162475							
5,923 170	17 78	0 00	105,313 96	107,563 83	-2,249 87	0 00	-2,249 87
Total USD		0 00	105,313 96	107,563 83	-2,249 87	0 00	-2,249 87
Total Global Region		0 00	105,313 96	107,563 83	-2,249 87	0 00	-2,249 87
Total Real Estate Funds **5,923 170**		**0 00**	**105,313.96**	**107,563.83**	**-2,249.87**	**0.00**	**-2,249 87**
Total Real Estate **5,923 170**		**0 00**	**105,313 96**	**107,563.83**	**-2,249.87**	**0.00**	**-2,249.87**
Commodities							
Commodities							
United States - USD							
MFO PIMCO FDS PAC INVT MGMT SER COMMODITY REALRETURN STRATEGY FD INSTL CUSIP 722005667							
19,944 750	9 29	0 00	185,286 72	141,052 13	44,234 59	0 00	44,234 59
Total USD		0 00	185,286 72	141,052 13	44,234 59	0 00	44,234 59
Total United States		0 00	185,286 72	141,052 13	44,234 59	0 00	44,234 59
Total Commodities **19,944.750**		**0.00**	**185,286.72**	**141,052.13**	**44,234 59**	**0.00**	**44,234.59**
Total Commodities **19,944 750**		**0.00**	**185,286.72**	**141,052.13**	**44,234 59**	**0.00**	**44,234.59**

Asset Detail - Base Currency

Description / Asset ID Investment Mgr ID Shares/PAR value	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Unrealized gain/loss Market	Translation	Total
Cash and Short Term Investments							
Short term							
USD - United States dollar							
	1 00	4 98	203,596 60	203,596 60	0 00	0 00	0 00
Total short term - all currencies		4 98	203,596 60	203,596 60	0 00	0 00	0 00
Total short term - all countries		4 98	203,596 60	203,596 60	0 00	0 00	0 00
Total Short Term **203,596.600**		**4.98**	**203,596.60**	**203,596.60**	**0.00**	**0.00**	**0 00**
Total Cash and Short Term Investments **203,596.600**		**4.98**	**203,596.60**	**203,596 60**	**0.00**	**0.00**	**0.00**
Total **904,832 330**		**10,893.01**	**5,454,894 49**	**4,560,056.85**	**894,837.64**	**0.00**	**894,837.64**

WILLIAM M. HALES FOUNDATION
Contributions
2010

Educational Activities:

Beloit College Beloit, Wisconsin 53511 Check #978 - #979	$ 18,000.00
Oglala Lakota College 537 Puja Wiconi Kyle, South Dakota 55752 Check #985	5,000.00
Total Educational Activities:	$ 23,000.00

Hospital & Related Activities:

Hadley School for the Blind P. O. Box 299 Winnetka, Illinois 60093 Check #994	$ 500.00
Josselyn Center 405 Central Street Northfield, Illinois 60093 Check #982	2,000.00
LINKS 1775 Maple Street Northfield, Illinois 60093 Check #983	12,000.00
North Shore University Health System Foundation 1033 University Place - Suite 450 Evanston, Illinois 60201 Check #1015	1,500.00
Partners in Health 641 Huntington Avenue - 1st Floor Boston, Massachusetts 02115 Check #1016	1,000.00
Total Hospital & Related Activities:	$ 17,000.00

Religious Activities:

Winnetka Congregational Church 725 Pine Street Winnetka, Illinois 60093 Check #988	$ 4,500.00
Total Religious Activities:	$ 4,500.00

Other Charitable Activities:

Adler Planetarium 1300 S. Lake Shore Drive Chicago, Illinois 60602 Check #1006	$ 1,000.00
Americans Helping Americans in Appalachia - Christian Relief Services 1550 Huntington Avenue Suite 200 Alexandria, Virginia 22303 Check #1007	3,000.00
American Red Cross Mid America Chapter 75 Remittance Drive Suite 1907 Chicago, Illinois 60675 Check #989	500.00
Art Institute of Chicago Michigan Avenue at Adams Street Chicago, Illinois 60603 Check #990	1,500.00
Chicago Horticultural Society Development Office P. O. Box 400 Glencoe, Illinois 60022 Check #991	1,000.00
Chicago Symphony Orchestra 220 S. Miachigan Avenue Chicago, Illinois 60604 Check #1001	1,500.00
Clearwater Camp Fund c/o Harris Bank 1125 W. Mequon Road Mequon, Wisconsin 53092 Check #1000	50,000.00
Colonial Williamsburg Foundation P. O. Box 1776 Williamsburg, Virginia 23187 Check #992	500.00
Community Animal Rescue Effort P. O. Box 1964 Evanston, Illinois 60204 Check #1008	1,000.00

Other Charitable Actvities: (Continued)

Community Renewal Society 332 S. Michigan Avenue Chicago, Illinois 60604 Check #993	$ 1,000.00
Family Service of Winnetka- Northfield 992½ Linden Avenue Winnetka, Illinois 60093 Check #1009	1,000.00
Field Museum Roosevelt Road at Lake Shore Drive Chicago, Illinois 60605 Check #1002	700.00
Fifth Epochal Fellowship 9190 West 90th Place Westminster, Colorado 80021 Check #980 - #1010	85,000.00
Girl Scouts of Chicago 55 West Jackson Boulevard Chicago, Illinois 60604 Check #1011	1,500.00
Good News Partners 7729 N, Hermitage Avenue Chicago, Illinois 60604 Check #981	1,000.00
Lincoln Park Zoo P. O. Box 14903 Cannon Drive at Fullerton Parkway Chicago, Illinois 60614 Check #1003	1,000.00
Living Lands & Waters 17615 Route 84 North East Moline, Illinois 61244 Check #1012	1,000.00
Mercy Home for Boys & Girls 1140 W. Jackson Boulevard Chicago, Illinois 60607 Check #1014	1,000.00
Mitchell Indian Museum 2600 Central Park Evanston, Illinois 60201 Check #1013	1,000.00

Other Charitable Activities: (Continued)

Newberry Library 60 West Walton Street Chicago, Illinois 60610 Check #995	$ 500.00
Norman Vincent Peale Fellowship 66 E. Main Street Pawling, New York 12564 Check #984	2,000.00
North Shore Senior Center 7 Happ Road Northfield, Illinois 60093 Check #996	1,000.00
Salvation Army 5040 N. Pulaski Road Chicago, Illinois 60611 Check #1017	1,000.00
Union League Boys & Girls Clubs 65 West Jackson Boulevard Chicago, Illinois 60604 Check #986 - #997	5,000.00
Urantia Foundation 533 Diversey Parkway Chicago, Illinois 60614 Check #987 - #1018	75,000.00
Winnetka-Northfield Chapter United Way of the NorthShore 540 West Frontage Road Suite 3040 Northfield, Illinois 60093 Check #1004	1,000.00
WTTW-Channel 11 5400 W. St. Louis Avenue Chicago, Illinois 60602 Check #999	1,000.00
Total Other Charitable Activities:	$240,700.00

Educational Activities	$23,000.00
Hospital & Related Activities	17,000.00
Religious Activities	4,500.00
Other Charitable Activites	240,700.00
CONTRIBUTIONS: GRAND TOTAL:	$285,200.00