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Short Form
Return of Organization Exempt From Income Tax

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

► Sponsoring organizations of donor advised funds, organizations that operate one or more hospital facilities, and certain controlling organizations as defined in section 512(b)(13) must file Form 990 (see instructions). All other organizations with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year may use this form

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

2010

Open to Public
Inspection

A For the 2010 calendar year, or tax year beginning

, 2010, and ending

B Check if applicable

- Address change
- Name change
- Initial return
- Terminated
- Amended return
- Application pending

C NICHOLS FOUNDATION
C/O THE FARMERS STATE BANK & TRUST CO.
200 WEST STATE STREET
JACKSONVILLE, IL 62650

D Employer identification number

37-6022903

E Telephone number

(217) 479-4042

F Group Exemption Number

G Accounting Method Cash Accrual Other (specify) ►

I Website: ► N/A

J Tax-exempt status (ck only one) — 501(c)(3) 501(c) () ▶ (insert no) 4947(a)(1) or 527H Check ► if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)K Check ► if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$50,000. A Form 990-EZ or Form 990 return is not required though Form 990-N (e-postcard) may be required (see instructions). But if the organization chooses to file a return, be sure to file a complete return

L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, line 25, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ► \$ 17,950.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I.)

Check if the organization used Schedule O to respond to any question in this Part I

1 Contributions, gifts, grants, and similar amounts received	1	50.
2 Program service revenue including government fees and contracts	2	
3 Membership dues and assessments	3	
4 Investment income	4	2,900.
5a Gross amount from sale of assets other than inventory	5a	15,000.
b Less cost or other basis and sales expenses	5b	15,000.
c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)		
6 Gaming and fundraising events	6a	
a Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
b Gross income from fundraising events (not including \$ _____ from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	
c Less direct expenses from gaming and fundraising events	6c	
d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d	
7a Gross sales of inventory, less returns and allowances	7a	
b Less cost of goods sold	7b	
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)		
8 Other revenue (describe in Schedule O)	7c	
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8	8	2,950.
10 Grants and similar amounts paid (list in Schedule O)	9	
11 Benefits paid to or for members	10	6,060.
12 Salaries, other compensation, and employee benefits	11	
13 Professional fees and other payments to independent contractors	12	
14 Occupancy, rent, utilities, and maintenance	13	944.
15 Printing, publications, postage, and shipping	14	
16 Other expenses (describe in Schedule O)	15	
17 Total expenses. Add lines 10 through 16	16	
18 Excess or (deficit) for the year (Subtract line 17 from line 9)	17	7,004.
19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	18	-4,054.
20 Other changes in net assets or fund balances (explain in Schedule O)	19	84,038.
21 Net assets or fund balances at end of year Combine lines 18 through 20	20	
	21	79,984.

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

Form 990-EZ (2010)

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Part V Other Information (Note the statement requirements in the instructions for Part V.) See Schedule O
 Check if the organization used Schedule O to respond to any question in this Part V

33 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' provide a detailed description of each activity in Schedule O 33 X

34 Were any significant changes made to the organizing or governing documents? If 'Yes,' attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions) 34 X

35 If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, explain in Schedule O why the organization did not report the income on Form 990-T 35a X

a Did the organization have unrelated business gross income of \$1,000 or more or was it a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements? 35b

b If 'Yes,' has it filed a tax return on **Form 990-T** for this year (see instructions)? 36 X

36 Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If 'Yes,' complete applicable parts of Schedule N 37a 0.

b Did the organization file **Form 1120-POL** for this year? 37b X

38a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee **or** were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return? 38a X

b If 'Yes,' complete Schedule L, Part II and enter the total amount involved 38b N/A

39 Section 501(c)(7) organizations Enter 39a N/A

a Initiation fees and capital contributions included on line 9 39b N/A

b Gross receipts, included on line 9, for public use of club facilities 40a 0.

40a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under section 4911 ► 0., section 4912 ► 0., section 4955 ► 0. 40b X

b Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If 'Yes,' complete Schedule L, Part I 40c 0.

c Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 40d 0.

d Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax on line 40c reimbursed by the organization 40e X

e All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If 'Yes,' complete Form 8886-T 41 IL

42a The organization's books are in care of ► THE FARMERS STATE BANK & TRUST Telephone no ► (217) 479-4042
 Located at ► 200 WEST STATE STREET JACKSONVILLE IL ZIP + 4 ► 62650

b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country ► 42b X

See the instructions for exceptions and filing requirements for **Form TD F 90-22.1, Report of a Foreign Bank and Financial Accounts**
 c At any time during the calendar year, did the organization maintain an office outside of the U.S.? If 'Yes,' enter the name of the foreign country ► 42c X

43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of **Form 1041** – Check here and enter the amount of tax-exempt interest received or accrued during the tax year ► 43 N/A
 N/A

44a Did the organization maintain any donor advised funds during the year? If 'Yes,' Form 990 must be completed instead of Form 990-EZ 44a X

b Did the organization operate one or more hospital facilities during the year? If 'Yes,' Form 990 must be completed instead of Form 990-EZ 44b X

c Did the organization receive any payments for indoor tanning services during the year? 44c X

d If 'Yes' to line 44c, has the organization filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O 44d

45 Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)?

	Yes	No
45		X
45a		X
46		X

a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see inst.)

46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only. All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI 47 Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II

	Yes	No
47		X
48		X
49a		X
49b		

48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E 49a Did the organization make any transfers to an exempt non-charitable related organization? b If 'Yes,' was the related organization a section 527 organization?

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None'

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
None				

f Total number of other employees paid over \$100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None'

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
None		

d Total number of other independent contractors each receiving over \$100,000 52 Did the organization complete Schedule A? Note: All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A Yes No

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

Sign Here	► <i>Susan King</i> Signature of officer	<i>3/12/11</i> Date
	► <i>Susan King Asst Trust Officer</i> Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name Sarah E. Sweeting	Preparer's signature <i>Sarah Sweeting</i>	Date 5/11/11	Check <input type="checkbox"/> if self-employed	PTIN P00255404
	Firm's name ► <i>Zumbahlen, Eyth, Surratt, Foote, & Flynn, Ltd</i>			Firm's EIN ► <i>37-1094064</i>	
	Firm's address ► <i>1395 Lincoln Avenue Jacksonville, IL 62650</i>			Phone no <i>(217) 245-5121</i>	

May the IRS discuss this return with the preparer shown above? See instructions Yes No

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Form 990-EZ (2010)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

OMB No 1545-0047

2010

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Public Charity Status and Public Support
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

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

Name of the organization **NICHOLS FOUNDATION**
C/O THE FARMERS STATE BANK & TRUST CO. Employer identification number
37-6022903

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

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

1 A church, convention of churches or association of churches described in **section 170(b)(1)(A)(i)**.
 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)
 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)** Enter the hospital's name, city, and state
 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)
 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
 9 An organization that normally receives (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions – subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III).
 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III – Functionally integrated d Type III – Other

e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
 f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box
 g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
11g (i)		X
11g (ii)		X
11g (iii)		X

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or in IRC section (see instructions))	(iv) Is the organization in column (i) listed in your governing document?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A) JACKSONVILLE, IL POLICE DEPT.									
(B)	37-6001700	GOVERNMENTAL	X		X		X		6,060.
(C)									
(D)									
(E)									
Total									6,060.

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2010

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

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include 'unusual grants'.)						
2 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc (see instructions)						12

13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ►

Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	%
16a 33-1/3% support test – 2010. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b 33-1/3% support test – 2009. If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
17a 10%-facts-and-circumstances test – 2010. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here . Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b 10%-facts-and-circumstances test – 2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here . Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ► <input type="checkbox"/>		

BAA

Schedule A (Form 990 or 990-EZ) 2010

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

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal yr beginning in) ►

	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions and membership fees received (Do not include any 'unusual grants')						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal yr beginning in) ►

	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support. (Add Ins 9, 10c, 11, and 12)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ► **Section C. Computation of Public Support Percentage**

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%
19a 33-1/3% support tests – 2010. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b 33-1/3% support tests – 2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here . The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► <input type="checkbox"/>		

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

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

OMB No 1545-0047

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Inspection

Name of the organization NICHOLS FOUNDATION C/O THE FARMERS STATE BANK & TRUST CO.	Employer identification number 37-6022903
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Form 990-EZ, Part III - Organization's Primary Exempt Purpose

The income earned from this foundation shall be used for the purchase of Christmas presents for children from low-income families of Jacksonville, Illinois.

Form 990-EZ, Part V - Regarding Transfers Associated with Personal Benefit Contracts

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? No

2010

Schedule O - Supplemental Information

Page 2

**NICHOLS FOUNDATION
C/O THE FARMERS STATE BANK & TRUST CO.**

37-6022903

5/11/11

09 05AM

**Form 990-EZ, Part I, Line 5c
Net Gain (Loss) from Noninventory Sales**

Publicly Traded Securities

Gross Sales Price: 15,000.
Cost or Other Basis: 15,000.

Total Gain (Loss) Publicly Traded Securities \$ 0.

Total Net Gain (Loss) From Noninventory Sales \$ 0.

**Form 990-EZ, Part I, Line 10
Grants and Similar Amounts Paid In Excess of \$5,000**

Description of Property: CHRISTMAS PRESENTS
Fair Market Value: \$ 6,060.