



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Form 990-PF

Return of Private Foundation

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

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 01-01-2010, and ending 12-31-2010

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
WM MCNALLY FAMILY FOUNDATION

Number and street (or P O box number if mail is not delivered to street address) Room/suite
4493 WARREN

City or town, state, and ZIP code
BRIDGEPORT, MI 48722

H Check type of organization 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) **\$** 5,308,004 **J** Accounting method Cash Accrual
 Other (specify) *(Part I, column (d) must be on cash basis.)*

A Employer identification number
38-2429175

B Telephone number (see page 10 of the instructions)
(989) 777-2360

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))*

		(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)	500,000			
2	Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3	Interest on savings and temporary cash investments	78,938	73,443	78,938	
4	Dividends and interest from securities.	84,838	84,838	84,838	
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	178,638			
b	Gross sales price for all assets on line 6a 2,002,761				
7	Capital gain net income (from Part IV, line 2) . . .		13,022		
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)				
12	Total. Add lines 1 through 11	842,414	171,303	163,776	

Revenue	13 Compensation of officers, directors, trustees, etc			
	14 Other employee salaries and wages			
15	Pension plans, employee benefits			
16a	Legal fees (attach schedule)			
b	Accounting fees (attach schedule)	2,095	2,095	2,095
c	Other professional fees (attach schedule)	279	279	279
17	Interest			
18	Taxes (attach schedule) (see page 14 of the instructions)	3,999	3,999	3,999
19	Depreciation (attach schedule) and depletion . . .			
20	Occupancy			
21	Travel, conferences, and meetings			
22	Printing and publications			
23	Other expenses (attach schedule)	20	20	20
24	Total operating and administrative expenses.			
	Add lines 13 through 23	6,393	6,393	6,393
25	Contributions, gifts, grants paid	202,400		202,400
26	Total expenses and disbursements. Add lines 24 and 25	208,793	6,393	6,393
27	Subtract line 26 from line 12			
a	Excess of revenue over expenses and disbursements	633,621		
b	Net investment income (if negative, enter -0-) . . .		164,910	
c	Adjusted net income (if negative, enter -0-) . . .			157,383

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 (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets						
1	Cash—non-interest-bearing					
2	Savings and temporary cash investments		862,805	2,091,833	2,091,833	
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 ►					
8	Inventories for sale or use					
9	Prepaid expenses and deferred charges					
10a	Investments—U S and state government obligations (attach schedule)		387,526	387,526	397,618	
b	Investments—corporate stock (attach schedule)		1,310,971	1,450,380	1,718,878	
c	Investments—corporate bonds (attach schedule)		1,773,418	1,038,602	1,099,675	
11	Investments—land, buildings, and equipment basis ►					
	Less accumulated depreciation (attach schedule) ►					
12	Investments—mortgage loans					
13	Investments—other (attach schedule)					
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)		4,334,720	4,968,341	5,308,004	
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)			0		
Net Assets or Fund Balances						
	Foundations that follow SFAS 117, check here ► <input type="checkbox"/>					
	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 ► <input checked="" type="checkbox"/>					
	and complete lines 27 through 31.					
27	Capital stock, trust principal, or current funds					
28	Paid-in or capital surplus, or land, bldg , and equipment fund					
29	Retained earnings, accumulated income, endowment, or other funds		4,334,720	4,968,341		
30	Total net assets or fund balances (see page 17 of the instructions)		4,334,720	4,968,341		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)		4,334,720	4,968,341		

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	4,334,720
2	Enter amount from Part I, line 27a	2	633,621
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	4,968,341
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	4,968,341

Part IV Capital Gains and Losses for Tax on Investment Income

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	153,600	3,980,879	0 038584
2008	219,338	3,906,907	0 056141
2007	175,100	3,888,169	0 045034
2006	164,125	3,469,639	0 047303
2005	163,025	3,368,226	0 048401
2	Total of line 1, column (d).		0 235463
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		0 047093
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5.		4,678,941
5	Multiply line 4 by line 3.		220,345
6	Enter 1% of net investment income (1% of Part I, line 27b).		1,649
7	Add lines 5 and 6.		221,994
8	Enter qualifying distributions from Part XII, line 4.		202,400

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		1	3,298
	Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		2	
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)		3	3,298
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	
3	Add lines 1 and 2.		5	3,298
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			
5	Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-			
6	Credits/Payments			
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	2,500	
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments Add lines 6a through 6d.	7	2,500	
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> 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 <input type="checkbox"/>	9	798	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid <input type="checkbox"/>	10		
11	Enter the amount of line 10 to be Credited to 2011 estimated tax <input type="checkbox"/>	0	Refunded <input type="checkbox"/>	11

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
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
	<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
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year			
	(1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?		Yes	No
	<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
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?		Yes	No
b	If "Yes," has it filed a tax return on Form 990-T for this year?		Yes	No
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?		Yes	No
	<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		Yes	No
	● 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?			
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	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) <input type="checkbox"/> MI			
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 .			
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
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses <input type="checkbox"/>		Yes	

Part VII-A Statements Regarding Activities (continued)

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		No
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13		
	Website address ► NOT APPLICABLE			
14	The books are in care of ► WILLIAM MCNALLY	Telephone no ► (989) 777-0533		
	Located at ► 4493 WARREN BRIDGEPORT MI	ZIP +4 ► 48722		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here ►	15		
	and enter the amount of tax-exempt interest received or accrued during the year ►			
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		
	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.	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 <input checked="" type="checkbox"/> No		
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ► Yes <input checked="" type="checkbox"/> No		
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ► Yes <input checked="" type="checkbox"/> No		
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ► Yes <input checked="" type="checkbox"/> 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 <input checked="" type="checkbox"/> 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 <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here. ►	1b	
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	
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 <input checked="" type="checkbox"/> No		
	If "Yes," list the years ► 20____, 20____, 20____, 20____		
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 20 of the instructions)	2b	Yes
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ► Yes <input checked="" type="checkbox"/> 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	No
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	No

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

5a	During the year did the foundation pay or incur any amount to			
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?		<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 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 checked="" type="checkbox"/>	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	6b	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.				
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? <input type="checkbox"/> Yes <input 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
WM F MCNALLY	PRES /TREAS 1 00	0	0	0
4493 WARREN 4493 WARRENN BRIDGEPORT, MI 48722				
DWIGHT MCNALLY	TRUSTEE 1 00	0	0	0
3215 E GENESSEE 3215 E GENESSEE AV SAGINAW, MI 48601				
BRIAN MCNALLY	TRUSTEE 1 00	0	0	0
12867 BASELL DRIVE 12867 BASELL DRIVE HEMLOCK, MI 48626				

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		
Total number of others receiving over \$50,000 for professional services.		

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	
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	
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	3,784,376
b Average of monthly cash balances.	1b	965,818
c Fair market value of all other assets (see page 24 of the instructions).	1c	0
d Total (add lines 1a, b, and c).	1d	4,750,194
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	
3 Subtract line 2 from line 1d.	3	4,750,194
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions).	4	71,253
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	4,678,941
6 Minimum investment return. Enter 5% of line 5.	6	233,947

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	233,947
2a Tax on investment income for 2010 from Part VI, line 5.	2a	3,298
b Income tax for 2010 (This does not include the tax from Part VI).	2b	
c Add lines 2a and 2b.	2c	3,298
3 Distributable amount before adjustments Subtract line 2c from line 1.	3	230,649
4 Recoveries of amounts treated as qualifying distributions.	4	
5 Add lines 3 and 4.	5	230,649
6 Deduction from distributable amount (see page 25 of the instructions).	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	230,649

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	202,400
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	
3 Amounts set aside for specific charitable projects that satisfy the		
a Suitability test (prior IRS approval required).	3a	
b Cash distribution test (attach the required schedule).	3b	
4 Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	202,400
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	
6 Adjusted qualifying distributions. Subtract line 5 from line 4.	6	202,400

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				230,649
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only.			192,013	
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2010				
a From 2005.				
b From 2006.				
c From 2007.				
d From 2008.				
e From 2009.				
f Total of lines 3a through e.				
4 Qualifying distributions for 2010 from Part XII, line 4 ► \$ _____ 202,400				
a Applied to 2009, but not more than line 2a			192,013	
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.				10,387
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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.				220,262
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				
10 Analysis of line 9				
a Excess from 2006.				
b Excess from 2007.				
c Excess from 2008.				
d Excess from 2009.				
e Excess from 2010.				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

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. <input type="text"/>			
b	Check box to indicate whether the organization is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)			
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 organization had \$5,000 or more in assets at any time during the year—see page 27 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))

WILLIAM MCNALLY

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

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

WILLIAM F MCNALLY
4493 WARREN
BRIDGEPORT, MI 48722

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

LETTER FORM - NO FORMAL REQUIREMENTS

c Any submission deadlines

NONE

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

NONE

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)				
a Paid during the year See Additional Data Table				
Total			► 3a	202,400
b Approved for future payment				
Total			► 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

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

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?

a Transfers from the reporting foundation to a noncharitable exempt organization or

(1) Cash.

(2) Other assets.

Other transactions

(1) Sales of assets to a noncharitable exempt organization. . .

(2) Purchases of assets from a noncharitable exempt

(3) Rental of facilities, equipment,

(4) Reimbursement arrangement

(8) Performance of services or membership or fundraising solicitations.

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

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.

	Yes	No
1a(1)		No
1a(2)		No
1b(1)		No
1b(2)		No
1b(3)		No
1b(4)		No
1b(5)		No
1b(6)		No
1c		No

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organization

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	
<p>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.</p> <p>*****</p> <p>Signature of officer or trustee</p>					
		2011-05-13		*****	
		Date		Title	
Sign Here Preparer's Use Only	<p>Preparer's Signature</p> <p>DAVID A BEYERLEIN</p>			Date	Check if self-employed <input type="checkbox"/>
				2011-05-13	PTIN
	<p>Firm's name ► YEO & YEO PC</p> <hr/> <p>PO BOX 3275</p>			Firm's EIN <input type="checkbox"/>	
	<p>Firm's address ► SAGINAW, MI 48605</p>			Phone no (989) 793-9830	

2010

Schedule B
(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

► Attach to Form 990, 990-EZ, or 990-PF.

Name of organization
WM MCNALLY FAMILY FOUNDATION**Employer identification number**

38-2429175

Organization type (check one)**Filers of:****Section:**

Form 990 or 990-EZ

501(c)() (enter number) organization
 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
 527 political organization

Form 990-PF

501(c)(3) exempt private foundation
 4947(a)(1) nonexempt charitable trust treated as a private foundation
 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions**General Rule—**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor Complete Parts I and II

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ, that met the 33¹/₃ support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1 Complete Parts I and II

For a section 501(c)(7), (8), or (10) organization filing Form 990, or 990-EZ, that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals Complete Parts I, II, and III

For a section 501(c)(7), (8), or (10) organization filing Form 990, or 990-EZ, that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000 If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ► \$ _____

Caution. An Organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Name of organization
 WM MCNALLY FAMILY FOUNDATION

Employer identification number

38-2429175

Part I **Contributors** (see Instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	WILLIAM MCNALLY 4493 WARREN STREET BRIDGEPORT, MI 48722	\$ <u>500,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/>
			(Complete Part II if there is a noncash contribution)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		\$ <u> </u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/>
			(Complete Part II if there is a noncash contribution)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		\$ <u> </u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/>
			(Complete Part II if there is a noncash contribution)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		\$ <u> </u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/>
			(Complete Part II if there is a noncash contribution)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		\$ <u> </u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/>
			(Complete Part II if there is a noncash contribution)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		\$ <u> </u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/>
			(Complete Part II if there is a noncash contribution)

Additional Data**Software ID:****Software Version:****EIN:** 38-2429175**Name:** WM MCNALLY FAMILY FOUNDATION**Form 990PF Part XV Line 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>				
ALZHEIMER'S DISEASE RES 322 8TH AVE 7TH FL NEW YORK, NY 10001	NONE	NON-PROFIT	DISEASE RESEARCH	400
AMERICAN HEART ASSOCIATIO 7272 GREENVILLE AVE DALLAS, TX 75231	NONE	PUBLIC CHARI	CARDIOVASCULAR DISEASE RESEARCH	200
AM INST FOR CANCER RES 1759 R STREET NW WASHINGTON, DC 20009	NONE	PUBLIC CHARI	CANCER RESEARCH	500
BRIDGEPORT BEAUTIFICATION 6206 DIXIE HWY BRIDGEPORT, MI 48722	NONE	PUBLIC CHARI	BEAUTIFY COMMUNITY	8,000
BRIDGEPORT TWP REC PARK 6206 DIXIE HWY BRIDGEPORT, MI 48722	NONE	PUBLIC CHARI	FIX UP COMMUNITY RECREATION AREA	50,000
CHILD ABUSE AND NEGLECT C 1311 N MICHIGAN AVE SAGINAW, MI 48602	NONE	NON-PROFIT	CHILD ADVOCACY	3,000
CITY RESCUE MISSION OF SA 1021 BURT ST SAGINAW, MI 48607	NONE	NON-PROFIT	FOR INDIGENT PEOPLE	2,000
COVENANT HEALTHCARE FOUND 4800 FASHION SQ BLVD STE 500 SAGINAW, MI 48604	NONE	NON-PROFIT	CAPITAL CAMPAIGN FOR BUILDING	100,000
DISABLED AMERICAN VETERAN 3725 ALEXANDRIA PIKE COLD SPRING, KY 41076	NONE	PUBLIC CHARI	ASSIST VETERANS	500
FAITH LUTHERAN CHURCH 4432 MACKINAW ROAD SAGINAW, MI 48603	NONE	CHURCH	CAPITAL CAMPAIGN FOR FIXTURE	5,000
LUTHERAN CHILD & FAMILY 6019 WEST SIDE SAGINAW RD BAY CITY, MI 48707	NONE	NON-PROFIT	ASSIST ABUSED AND NEGLECTED CHILDREN	300
MAYO CLINIC 200 FIRST STREET SW ROCHESTER, MN 55905	NONE	NON-PROFIT	DIAGNOSE AND TREAT COMPLEX ILLNESS	20,000
MT CALVARY LUTHERAN 8129 PACKARD AVE WARREN, MI 48089	NONE	CHURCH	OPERATIONS	5,000
MUSCULAR DYSTROPHY ASSOC 3300 E SUNRISE DRIVE TUSCAN, AZ 85718	NONE	NON-PROFIT	RESEARCH NEUROMUSCULAR DISEASES	300
SALVATION ARMY 2030 N CAROLINA ST SAGINAW, MI 48602	NONE	PUBLIC CHARI	FOR INDIGENT PEOPLE	2,000
Total				202,400
			► 3a	

Form 990PF Part XV Line 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)				
a Paid during the year				
TEEN CHALLENGE 818 S MICHIGAN AVE SAGINAW, MI 48602	NONE	NON-PROFIT	MINISTRY TO TROUBLED TEENS	5,000
VETERANS OF FOREIGN WARS 406 WEST 34TH STREET STE 514 KANSAS CITY, MO 64111	NONE	NON-PROFIT	ASSIST AMERICAN VETERANS	200
Total			► 3a	202,400

TY 2010 Accounting Fees Schedule

Name: WM MCNALLY FAMILY FOUNDATION**EIN:** 38-2429175

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INDIRECT ACCOUNTING FEES	2,095	2,095	2,095	

TY 2010 Compensation Explanation

Name: WM MCNALLY FAMILY FOUNDATION

EIN: 38-2429175

Person Name	Explanation
WM F MCNALLY	
DWIGHT MCNALLY	
BRIAN MCNALLY	

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2010 Gain/Loss from Sale of Other Assets Schedule

Name: WM MCNALLY FAMILY FOUNDATION

EIN: 38-2429175

Name	Date Acquired	How Acquired	Date Sold	Purchaser Name	Gross Sales Price	Basis	Basis Method	Sales Expenses	Total (net)	Accumulated Depreciation
7000 00 INTEL CORP	1996-12	PURCHASE	2010-08		143,359	113,313			30,046	
208 361 INTEL CORP	2009-08	PURCHASE	2010-08		4,267	4,213			54	
1000 00 INT'L FLAVORS & FRAGRANCES	1990-07	PURCHASE	2010-05		47,076	44,634			2,442	
17 914 INT'L FLAVORS & FRAGRANCES	2009-09	PURCHASE	2010-05		843	755			88	
702 771 ISHARES TR S&P MIDCAP 400	2010-04	PURCHASE	2010-08		48,276	51,606			-3,330	
802 166 ISHARES TR S&P SMALL CAP 600	2010-04	PURCHASE	2010-08		48,258	53,459			-5,201	
2000 00 MICROSOFT CORP	1990-07	PURCHASE	2010-08		50,191	87,442			-37,251	
38 789 MICROSOFT CORP	2009-09	PURCHASE	2010-08		974	1,048			-74	
6000 00 ORACLE CORPORATION	1997-03	PURCHASE	2010-08		144,386	24,563			119,823	
51 394 ORACLE CORPORATION	2009-10	PURCHASE	2010-08		1,237	1,204			33	
2000 00 ST JUDE MEDICAL INC	1997-01	PURCHASE	2010-05		74,373	18,485			55,888	
250000 00 BARCLAYS BANK PLC	2010-01	PURCHASE	2010-12		257,795	251,175			6,620	
2000000 FED FARM CR BKS GLOBAL 4 15%	2009-01	PURCHASE	2010-04		200,000	200,000				
2000000 FED FARM CR BKS GLOBAL 4 25%	2009-01	PURCHASE	2010-06		200,000	200,000				
2000000 FED HOME LOAN BANKS 4 45%	2009-06	PURCHASE	2010-08		200,000	200,000				
773 395 FIDELITY BLUE CHIP GROWTH	2010-01	PURCHASE	2010-05		29,219	30,000			-781	
12910 759 FIDELITY CAPITAL & INCOME	2009-10	PURCHASE	2010-05		112,711	104,997			7,714	
4474 273 FIDELITY CONVERT SECURITY	2009-10	PURCHASE	2010-09		97,494	98,957			-1,463	
32695 166 JANUS SHORT TERM BOND FND	2009-12	PURCHASE	2010-03		100,626	100,702			-76	
19510 103 TCW TOTAL RETURN BOND	2009-10	PURCHASE	2010-02		201,464	206,496			-5,032	
1043 391 HATTERAS FINANCIAL CORP	2010-12	PURCHASE	2010-03		27,190	31,074			-3,884	

**TY 2010 Investments Corporate
Bonds Schedule****Name:** WM MCNALLY FAMILY FOUNDATION**EIN:** 38-2429175

Name of Bond	End of Year Book Value	End of Year Fair Market Value
GENERAL ELEC CAP CORP MTN BE 5.4%	99,925	107,043
FEDERAL FARM CR BKS GLOBAL 4.15%		
FEDERAL FARM CR BKS GLOBAL 4.25%		
FEDERAL HOME LOAN BANKS 4.45%		
FIDELITY NEW MARKETS INCOME	109,451	111,253
FIDELITY CAPITAL & INCOME		
FIDELITY CONVERTIBLE SECURITIES		
FIDELITY STRATEGIC INCOME	291,994	307,622
FIDELITY STRATEGIC INCOME	113,078	116,317
BERWYN INCOME FUND	166,498	192,405
JANUS SHORT TERM BOND FUND CLASS J		
TCW TOTAL RETURN BOND CLASS N		
ONTARIO	257,656	265,035

TY 2010 Investments Corporate Stock Schedule

Name: WM MCNALLY FAMILY FOUNDATION
EIN: 38-2429175

Name of Stock	End of Year Book Value	End of Year Fair Market Value
BERKSHIRE HATHAWA INC	49,014	84,116
BIOMED REALTY TR INC	41,890	50,020
BRISTOL MEYERS	105,111	56,588
CITIGROUP	44,737	14,190
COMERICA	97,114	63,743
DOW CHEMICAL	122,497	162,113
DEUTSCHE BK CONT CAP	86,811	92,600
FIFTH THIRD BANK	45,030	36,794
INTEL		
INTERNATIONAL FRAGRANCES		
ISHARES TR S&P MSCI	30,215	31,324
ISHARES TR S&P US	40,632	39,780
JOHNSON & JOHNSON	26,399	127,800
MERCK	50,765	37,625
MERRILL LYNCH CAP TR III 7%	75,600	83,580
MICROSOFT		
MORGAN STANLEY CAP	91,737	95,000
OGE ENERGY	41,867	77,171
ORACLE		
PROCTOR & GAMBLE	172,339	301,589
REGIONS FING TR II TR PFD SECS 8.875	90,668	100,240
RYDEX ETF TR	43,735	47,475
ST. JUDE MEDICAL		
BANK OF AMER CRP PAR INTERNOTES 6.5%	50,383	61,975
WELLS FARGO CAP XI V GTD ENHANCED	50,228	55,100
WELLS FARGO & CO NEW	93,608	100,055
HATTERAS FINL CORP COM		

TY 2010 Investments Government Obligations Schedule

Name: WM MCNALLY FAMILY FOUNDATION
EIN: 38-2429175

US Government Securities - End of	
Year Book Value:	208,142
US Government Securities - End of	
Year Fair Market Value:	208,938
State & Local Government	
Securities - End of Year Book	
Value:	179,384
State & Local Government	
Securities - End of Year Fair	
Market Value:	188,680

TY 2010 Other Expenses Schedule

Name: WM MCNALLY FAMILY FOUNDATION**EIN:** 38-2429175

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
MICHIGAN ANNUAL REPORT	20	20	20	

TY 2010 Other Professional Fees Schedule

Name: WM MCNALLY FAMILY FOUNDATION**EIN:** 38-2429175

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INDIRECT OTHER PROFESSIONAL FEES	279	279	279	

TY 2010 Substantial Contributors Schedule

Name: WM MCNALLY FAMILY FOUNDATION**EIN:** 38-2429175

Name	Address
WILLIAM MCNALLY	4493 WARREN BRIDGEPORT BRIDGEPORT, MI 48722

TY 2010 Taxes Schedule

Name: WM MCNALLY FAMILY FOUNDATION**EIN:** 38-2429175

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FEDERAL TAXES	3,928	3,928	3,928	
FOREIGN TAXES	71	71	71	