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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

, and ending

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

THE LILY FOUNDATION

Number and street (or P O box number if mail is not delivered to street address)
200 W. LANCASTER AVENUERoom/suite
202

City or town, state, and ZIP code

WAYNE, PA 19087-4046

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) ►\$ 7,824,691. (Part I, column (d) must be on cash basis)

J Accounting method: Cash Accrual
 Other (specify) _____

Revenue	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))		(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
		(a) Revenue and expenses per books	(b) Net investment income		
	1 Contributions, gifts, grants, etc., received			N/A	
	2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	21,278.	4,671.		STATEMENT 1
	4 Dividends and interest from securities	114,977.	114,977.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	153,297.			
	b Gross sales price for all assets on line 6a	3,094,117.			
	7 Capital gain net income (from Part IV, line 2)		153,297.		
	8 Net short-term capital gain				
	9 Income modifications				
	Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income	-10,041.	1,586.		STATEMENT 3
	12 Total Add lines 1 through 11	279,511.	274,531.		
	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees				
	c Other professional fees	STMT 4	2,911.	2,416.	495.
	17 Interest		10.	10.	0.
	18 Taxes	STMT 5	6,445.	3,595.	0.
	19 Depreciation and depletion		57.	0.	
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses	STMT 6	4,536.	1,267.	3,269.
	24 Total operating and administrative expenses Add lines 13 through 23		13,959.	7,288.	3,764.
	25 Contributions, gifts, grants paid		596,500.		596,500.
	26 Total expenses and disbursements Add lines 24 and 25		610,459.	7,288.	600,264.
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements		-330,948.		
	b Net investment income (if negative, enter -0-)			267,243.	
	c Adjusted net income (if negative, enter -0-)				N/A

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Part II	Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
	1 Cash - non-interest-bearing				
	2 Savings and temporary cash investments		1,373,071.	977,270.	977,270.
	3 Accounts receivable ►				
	Less: allowance for doubtful accounts ►				
	4 Pledges receivable ►				
	Less: allowance for doubtful accounts ►				
	5 Grants receivable				
	6 Receivables due from officers, directors, trustees, and other disqualified persons				
	7 Other notes and loans receivable ►				
	Less: allowance for doubtful accounts ►				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments - U.S. and state government obligations	STMT 7	0.	973,213.	947,713.
	b Investments - corporate stock				
	c Investments - corporate bonds				
	11 Investments - land, buildings, and equipment basis ►				
	Less accumulated depreciation ►				
	12 Investments - mortgage loans				
	13 Investments - other	STMT 8	5,941,731.	5,027,208.	5,892,237.
	14 Land, buildings, and equipment: basis ►	3,175.			
	Less accumulated depreciation	STMT 9 ►	57.	0.	3,118.
	15 Other assets (describe ►	STATEMENT 10)	1,306.	4,353.	4,353.
	16 Total assets (to be completed by all filers)		7,316,108.	6,985,162.	7,824,691.
	17 Accounts payable and accrued expenses				
	18 Grants payable				
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, and other disqualified persons				
	21 Mortgages and other notes payable				
	22 Other liabilities (describe ►	STATEMENT 11)	0.	2.	
	23 Total liabilities (add lines 17 through 22)		0.	2.	
	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		8,619,417.	8,619,417.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds		-1,303,309.	-1,634,257.	
	30 Total net assets or fund balances		7,316,108.	6,985,160.	
	31 Total liabilities and net assets/fund balances		7,316,108.	6,985,162.	

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	7,316,108.
2 Enter amount from Part I, line 27a	2	-330,948.
3 Other increases not included in line 2 (itemize) ►	3	0.
4 Add lines 1, 2, and 3	4	6,985,160.
5 Decreases not included in line 2 (itemize) ►	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	6,985,160.

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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				
b	SEE ATTACHED STATEMENTS			
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	3,094,117.		2,987,197.	153,297.
	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				153,297.
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	153,297.
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8		3	N/A

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

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

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

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

 Yes No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	238,250.	6,903,011.	.034514
2008	248,928.	3,639,897.	.068389
2007	69,000.	1,956,545.	.035266
2006	55,500.	1,439,380.	.038558
2005	63,362.	1,185,003.	.053470

2 Total of line 1, column (d)

2 **.230197**

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 **.046039**

4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5

4 **7,485,290.**

5 Multiply line 4 by line 3

5 **344,615.**

6 Enter 1% of net investment income (1% of Part I, line 27b)

6 **2,672.**

7 Add lines 5 and 6

7 **347,287.**

8 Enter qualifying distributions from Part XII, line 4

8 **600,264.**If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate.
See the Part VI instructions.

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1.	(attach copy of letter if necessary-see instructions)	1	2,672.
Date of ruling or determination letter: _____				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b			
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0.	
3	Add lines 1 and 2	3	2,672.	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	0.	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	2,672.	
Credits/Payments.				
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	3,197.	
b	Exempt foreign organizations - tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c	1,000.	
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	4,197.	
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	9		
10	Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,525.	
11	Enter the amount of line 10 to be: Credited to 2011 estimated tax ►	11	0.	

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 instructions for definition)?
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

1c Did the foundation file Form 1120-POL for this year? Yes No

1d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:
(1) On the foundation. ► \$ 0. (2) On foundation managers. ► \$ 0.

1e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ 0.

2 Has the foundation engaged in any activities that have not previously been reported to the IRS? Yes No
If "Yes," attach a detailed description of the activities

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*

4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?
b If "Yes," has it filed a tax return on Form 990-T for this year?

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?
If "Yes," attach the statement required by General Instruction T.

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?

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

8a Enter the states to which the foundation reports or with which it is registered (see instructions) ► PA

8b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? *If "No," attach explanation*

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)? *If "Yes," complete Part XIV*

10 Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*

N/A

	Yes	No
1a		X
1b		X
1c		X
2		X
3		X
4a		X
4b		
5		X
6	X	
7	X	
8b	X	
9		X
10		X

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 instructions)	11	<input checked="" type="checkbox"/>
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12	<input checked="" type="checkbox"/>
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	13	<input checked="" type="checkbox"/>
14	The books are in care of ► THE FOUNDATION Located at ► 200 W. LANCASTER AVENUE, WAYNE, PA	Telephone no. ► 610-964-0331 ZIP+4 ► 19087-4046	
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	<input type="checkbox"/> N/A
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? 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 ►	16	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> 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)?	<input type="checkbox"/> 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)	<input type="checkbox"/> 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 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	N/A ► <input type="checkbox"/>	
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 <input checked="" type="checkbox"/>	
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? If "Yes," list the years ► _____, _____, _____, _____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions)	N/A	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► _____, _____, _____, _____	2b	
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<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)	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	3b	
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?	4a <input checked="" type="checkbox"/>	
		4b <input checked="" type="checkbox"/>	

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

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

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

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

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

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

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

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

N/A

5b

►

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

 Yes No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

 Yes No

6b

X

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?

 Yes No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ROBERT L. MCNEIL, III 245 ABRAHAMS LANE VILLANOVA, PA 19085	TRUSTEE 0.00	0.	0.	0.
JANE MCNEIL 245 ABRAHAMS LANE VILLANOVA, PA 19085	TRUSTEE 0.00	0.	0.	0.

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

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

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

►

0

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Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**
3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

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



0

Part IX-A | Summary of Direct Charitable Activities

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

Expenses

1	N/A	
2		
3		
4		

Part IX-B | Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

Amount

1	N/A	
2		
3		
Total. Add lines 1 through 3		► 0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:	
a	Average monthly fair market value of securities	1a 5,642,191.
b	Average of monthly cash balances	1b 1,949,617.
c	Fair market value of all other assets	1c 7,471.
d	Total (add lines 1a, b, and c)	1d 7,599,279.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e 0.
2	Acquisition indebtedness applicable to line 1 assets	2 0.
3	Subtract line 2 from line 1d	3 7,599,279.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4 113,989.
5	Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5 7,485,290.
6	Minimum investment return. Enter 5% of line 5	6 374,265.

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

1	Minimum investment return from Part X, line 6	1 374,265.
2a	Tax on investment income for 2010 from Part VI, line 5	2a 2,672.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b
c	Add lines 2a and 2b	2c 2,672.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3 371,593.
4	Recoveries of amounts treated as qualifying distributions	4 0.
5	Add lines 3 and 4	5 371,593.
6	Deduction from distributable amount (see instructions)	6 0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7 371,593.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes	1a 600,264.
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1b 0.
b	Program-related investments - total from Part IX-B	2
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	3a
3	Amounts set aside for specific charitable projects that satisfy the:	3b
a	Suitability test (prior IRS approval required)	4 600,264.
b	Cash distribution test (attach the required schedule)	5 2,672.
4	Qualifying distributions Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	6 597,592.
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	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				371,593.
2 Undistributed income, if any, as of the end of 2010			124,756.	
a Enter amount for 2009 only				
b Total for prior years:		0.		
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		0.		
4 Qualifying distributions for 2010 from Part XII, line 4: ► \$ 600,264.			124,756.	
a Applied to 2009, but not more than line 2a			124,756.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)		0.		
d Applied to 2010 distributable amount				371,593.
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))		103,915.		
6 Enter the net total of each column as indicated below		103,915.		
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.				0.
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)		0.		
8 Excess distributions carryover from 2005 not applied on line 5 or line 7		0.		
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a		103,915.		
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		103,915.		

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

N/A

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

Part XV | Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see the instructions.)**1 Information Regarding Foundation Managers:**

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

ROBERT L. MCNEIL, III

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

NONE**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

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

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

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	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>				
<i>b Approved for future payment</i>				
SEE STATEMENT 12				
Total			► 3a	596,500.
<i>b Approved for future payment</i>				
NONE				
Total			► 3b	0.

023611 12-07-10

Form 990-PF (2010)

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
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	21,278.	
4 Dividends and interest from securities			14	114,977.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	1,586.	-11,627.
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events			18	153,297.	
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		291,138.	-11,627.
13 Total Add line 12, columns (b), (d), and (e)			13		279,511.
(See worksheet in line 12 instructions to verify calculations.)					

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

	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.		

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If "Yes," complete the following schedule.

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

Sign
Here

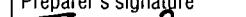
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer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

John M. Daley

Information of which preparer has
| ~~✓~~ 11/14/11 |

TRUSTEE

Date _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	BRETT W. SENIOR		11-11-11		
	Firm's name ► SENIOR TAX AND BUSINESS SERVICES, LLC			Firm's EIN ►	
Firm's address ► 125 STRAFFORD AVENUE, SUITE 112 WAYNE, PA 19087			Phone no. 610-293-1500		

THE LILY FOUNDATION

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 ML-2233: PIMCO HIGH YIELD			06/23/09	02/04/10
b ML-2233: BAC BEAR MKT STARS SPX			06/24/10	12/28/10
c ML-2233: PIMCO HIGH YIELD			06/23/09	09/09/10
d ML-2233: VNGRD HI YLD CORP FD				
e ML-2090: ISHARES S&P SMALLCAP 600			03/02/09	02/05/10
f ML-2090: ISHARES S&P 500 VALUE			09/28/09	02/05/10
g ML-2090: ISHARES TR MSCI EAFE				
h ML-2090: ISHARES BARCLAYS AGGRGT			09/17/10	12/15/10
i ML-2090: ISHARES S&P SMALLCAP 600			09/28/09	02/05/10
j ML-2090: ISHARES S&P 500 VALUE			03/02/09	08/25/10
k ML-2090: ISHARES S&P 500 VALUE			03/02/09	08/24/10
l ML-2090: VANGUARD EUROPE PACIFIC				
m WT: GUIDANCE CAPITAL BLUE T.E. FUND, LP				
n WT: GUIDANCE CAPITAL T.E. FUND, LP				
o PASS-THROUGH FROM POWERSHARES DB COMMODITY INDEX				
(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 84,127.		70,500.	13,627.	
b 83,851.		100,000.	-16,149.	
c 22,800.		18,625.	4,175.	
d 149,512.		121,113.	28,399.	
e 147,099.		95,934.	51,165.	
f 123,676.		124,383.	-707.	
g 136,221.		152,830.	-16,609.	
h 104,498.		107,930.	-3,432.	
i 39,825.		41,054.	-1,229.	
j 106,026.		71,299.	34,727.	
k 155,021.		110,329.	44,692.	
l 227,895.		273,200.	-45,305.	
m 1,008,626.		1,000,000.	8,626.	
n 702,061.		700,000.	2,061.	
o			54.	
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")	
(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		
a			13,627.	
b			-16,149.	
c			4,175.	
d			28,399.	
e			51,165.	
f			-707.	
g			-16,609.	
h			-3,432.	
i			-1,229.	
j			34,727.	
k			44,692.	
l			-45,305.	
m			8,626.	
n			2,061.	
o			54.	
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	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	}		3	

THE LILY FOUNDATION

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.)
a	PASS-THROUGH FROM POWERSHARES DB COMMODITY INDEX				
b	PASS-THROUGH FROM POWERSHARES DB COMMODITY INDEX				
c	PASS-THROUGH FROM POWERSHARES DB COMMODITY INDEX				
d	PASS-THROUGH FROM ML SYSTEMATIC MOMENTUM FUTURES A				
e	PASS-THROUGH FROM ML SYSTEMATIC MOMENTUM FUTURES A				
f	CLASS ACTION PROCEEDS			VARIOUS	VARIOUS
g	CAPITAL GAINS DIVIDENDS				
h					
i					
j					
k					
l					
m					
n					
o					
(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				1,870.	
b				6,861.	
c				10,291.	
d				10,839.	
e				16,258.	
f				204.	
g	2,879.			2,879.	
h					
i					
j					
k					
l					
m					
n					
o					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(I) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")	
(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		
a				1,870.	
b				6,861.	
c				10,291.	
d				10,839.	
e				16,258.	
f				204.	
g				2,879.	
h					
i					
j					
k					
l					
m					
n					
o					
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	153,297.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8				3	N/A

2010 DEPRECIATION AND AMORTIZATION REPORT

FORM 990-BF PAGE 1

990-PT

Form 990-PF PAGE 1	Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
															57.
	1	OFFICE FURNITURE	12/31/10	SL	7.00	MQ19C	3,175.				3,175.				57.
		* TOTAL 990-PF PG 1 DEPR					3,175.				3,175.				57.

028111
05-01-10

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

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

SOURCE	AMOUNT
MERRILL LYNCH - 871-02090	2,367.
MERRILL LYNCH - 871-02090	466.
MERRILL LYNCH - 871-02233	2,137.
MERRILL LYNCH - 871-02233	16,141.
POWERSHARES DB COMMODITY INDEX TRACKING FUND	167.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	21,278.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
MERRILL LYNCH - 871-02090	17,341.	860.	16,481.
MERRILL LYNCH - 871-02233	100,515.	2,019.	98,496.
TOTAL TO FM 990-PF, PART I, LN 4	117,856.	2,879.	114,977.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
ML SYSTEMATIC MOMENTUM FUTURESACCESS, LLC	-11,627.	0.	
ML SYSTEMATIC MOMENTUM FUTURESACCESS, LLC	1,586.	1,586.	
TOTAL TO FORM 990-PF, PART I, LINE 11	-10,041.	1,586.	

FORM 990-PF

OTHER PROFESSIONAL FEES

STATEMENT

4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ML - INVESTMENT FEES	2,416.	2,416.		0.
MEMBERSHIP DUES	495.	0.		495.
TO FORM 990-PF, PG 1, LN 16C	2,911.	2,416.		495.

FORM 990-PF

TAXES

STATEMENT

5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ML - 871-02233 FOREIGN TAXES	3,038.	3,038.		0.
ML - 871-02090 FOREIGN TAXES	557.	557.		0.
FORM 990-PF EXCISE TAX	2,850.	0.		0.
TO FORM 990-PF, PG 1, LN 18	6,445.	3,595.		0.

FORM 990-PF

OTHER EXPENSES

STATEMENT

6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT EXPENSES -				
POWERSHARES	1,267.	1,267.		0.
OFFICE	493.	0.		493.
TELECOMMUNICATIONS	781.	0.		781.
INSURANCE	219.	0.		219.
EQUIPMENT RENTAL AND MAINTENANCE	1,776.	0.		1,776.
TO FORM 990-PF, PG 1, LN 23	4,536.	1,267.		3,269.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS	STATEMENT 7
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DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
MUNICIPAL BONDS - SEE SCHEDULE C		X	973,213.	947,713.
TOTAL U.S. GOVERNMENT OBLIGATIONS				
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS			973,213.	947,713.
TOTAL TO FORM 990-PF, PART II, LINE 10A			973,213.	947,713.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT 8
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS - SEE SCHEDULE A	COST	4,474,926.	5,379,660.
LIMITED PARTNERSHIPS - SEE SCHEDULE B	COST	477,282.	437,352.
BAC CAPPED LEVERAGE INDEX RETURN NOTES	COST	75,000.	75,225.
TOTAL TO FORM 990-PF, PART II, LINE 13		5,027,208.	5,892,237.

FORM 990-PF	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT	STATEMENT 9
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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
OFFICE FURNITURE	3,175.	57.	3,118.
TOTAL TO FM 990-PF, PART II, LN 14	3,175.	57.	3,118.

FORM 990-PF	OTHER ASSETS	STATEMENT 10
-------------	--------------	--------------

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
INVESTMENT INCOME RECEIVABLE	1,306.	4,353.	4,353.
TO FORM 990-PF, PART II, LINE 15	1,306.	4,353.	4,353.

FORM 990-PF	OTHER LIABILITIES	STATEMENT 11
-------------	-------------------	--------------

DESCRIPTION	BOY AMOUNT	EOY AMOUNT
FOREIGN TAXES PAYABLE	0.	2.
TOTAL TO FORM 990-PF, PART II, LINE 22	0.	2.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 12

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
CAMP DREAMCATCHER 905 CONNER ROAD WEST CHESTER, PA 19380	N/A GENERAL	PUBLIC	4,000.
CHESTER COUNTY FUND FOR WOMEN & GIRLS 1450 E. BOOT ROAD, SUITE 400B WEST CHESTER, PA 19380	N/A GENERAL	PUBLIC	5,000.
DOMESTIC ABUSE PROJECT 204 WEST FRANKLIN AVENUE MINNEAPOLIS, MN 55404	N/A GENERAL	PUBLIC	50,000.
ACTING WITHOUT BOUNDARIES 750 E. HAVERFORD ROAD BRYN MAWR, PA 19010	N/A GENERAL	PUBLIC	2,500.
GERMANTOWN ACADEMY 340 MORRIS ROAD FORT WASHINGTON, PA 19034	N/A CAPITAL CAMPAIGN	PUBLIC	300,000.
HELPUSADOPT.ORG P.O. BOX 20435 NEW YORK, NY 10021	N/A GENERAL	PUBLIC	2,500.
CUDDLE MY KIDS 1560 McDANIEL DRIVE WEST CHESTER, PA 19382	N/A GENERAL	PUBLIC	2,500.
NURTURING MINDS, INC. 61 OAKWOOD LANE VALLEY FORGE, PA 19481	N/A GENERAL	PUBLIC	5,000.

THE LILY FOUNDATION

52-6854621

PETER'S PLACE 150. N. RADNOR-CHESTER RD., SUITE F-130 RADNOR, PA 19087	N/A GENERAL	PUBLIC	5,000.
PLANNED PARENTHOOD FOR SOUTHEASTERN PENNSYLVANIA 1144 LOCUST STREET PHILADELPHIA, PA 19107	N/A GENERAL	PUBLIC	10,000.
MIGHTY WRITERS INC 1501 CHRISTIAN STREET PHILADELPHIA, PA 19146	N/A GENERAL	PUBLIC	2,500.
MOBILIZATION AGAINST AIDS INTL 584 CASTRO STREET SAN FRANCISCO, CA 94114	N/A GENERAL	PUBLIC	5,000.
NATIONAL PHILANTHROPIC TRUST 165 TOWNSHIP LINE ROAD, SUITE 150 JENKINTOWN, PA 19046	N/A GENERAL	PUBLIC	2,500.
UNIVERSITY OF SOUTH FLORIDA FOUNDATION, INC 4202 E. FOWLER AVE., ALC100 TAMPA, FL 33620	N/A AWARD ENDOWMENT	PUBLIC	200,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			<u>596,500.</u>

Attachment to Form 990-PF
Part II, Balance Sheets
The Lily Foundation
Mutual Funds/Closed End Funds
December 31, 2010

Schedule A

	<u>Number of Shares/Units</u>	<u>Ending Cost Basis</u>	<u>Ending Market Value</u>
Alps Alerian MLP ETF	4,500	69,164	72,315
EGA Emerging Global Shs	2,250	43,061	52,650
Emerging Global Shares Index	500	10,500	12,235
Emerging Global Shares Dow Jor	1,000	21,880	23,310
Ishares MSCI Australia	750	14,819	19,080
Ishares MSCI CDA Indx Fd	1,050	28,431	32,550
Ishares Nasdaq Biotech	300	25,634	28,026
Ishares S&P Latin America	500	22,581	26,930
Ishares Barclays 1-3 Yr Treas.	3,000	252,836	251,940
Ishares MSCI South Africa	200	11,958	14,936
Ishares Trust Dow Jones	1,000	45,703	49,860
Ishares Barclays Tip BO	1,000	107,600	107,520
Ishares Barclays 1-3 Yr Credit	1,500	157,275	156,420
Ishares S&P Global	750	23,849	26,295
Ishares MSCI All Country	700	35,750	44,590
Powershares Global Water	1,000	17,230	20,010
S&P US Pfd Stk Index Fd	1,500	59,610	58,200
SPDR Barclays Cap Shrt	4,000	97,200	95,240
Spdr Barclays Captl Conv	1,000	38,888	41,050
SPDR SP Bric 40	1,000	24,468	27,430
Vanguard Intermediate	1,000	85,405	82,490
Ishares Barclays Aggregate	1,000	107,930	105,750
Vanguard Emerging Markets	1,683	81,905	81,030
Ishares S&P 500 Value	8,000	270,326	476,720
Ishares Cohen & Steers Realty Majors Index Fd	3,492	212,109	229,494
Ishares Tr MSCI EAFE	1,500	77,109	76,155
Ishares Tr Emerging Markets Bond Fd	1,000	102,620	107,080
Ishares Barclays Tips Bond Fund	3,715	380,479	399,437
Nataxis Asg Global	10,357	104,389	108,749
Vanguard Emerging Markets	16,357	642,356	787,524
Vanguard Europe Pacific ETF	17,500	577,965	632,625
Ishares S&P 500 Growth Index Fund	9,000	356,914	590,850
Ishares S&P Smallcap 600 Barra Growth Index Fd	2,000	71,923	145,180
Ishares S&P Smallcap 600 Value Index Fund	2,000	71,617	143,780
Pimco High Yield Institutional Cl	7,500	55,875	69,750
Tortoise Mlp Fd, Inc.	4,000	98,560	96,960
Vanguard High Yield Corporate Fund	15,000	69,008	85,500
		<u>4,474,926</u>	<u>5,379,660</u>

Attachment to Form 990-PF
Part II, Balance Sheets
The Lily Foundation
Limited Partnerships
December 31, 2010

Schedule B

	<u>Number of Shares/Units</u>	<u>Ending Cost Basis</u>	<u>Ending Market Value</u>
Powershares DB Commodity Index Tracking Fd	6,271.000	210,236	172,766
ML Systematic Momentum FuturesAccess, LLC	0.000	267,045	264,586
Total Limited Partnerships		<u>477,282</u>	<u>437,352</u>

Attachment to Form 990-PF
Part II, Balance Sheets
The Lily Foundation
Municipal Bonds
December 31, 2010

Schedule C

	Ending Cost Basis	Ending Market Value
Abington, PA School District	99,293	98,945
Delaware County, PA Authority 4%	99,883	94,099
Delaware County, PA Authority 4.25%	103,981	101,918
Laurel, PA School District	99,488	99,924
Monroeville, PA	99,277	98,557
Pennridge, PA School District	98,976	96,802
Pennsylvania HSG Fin Agency	25,000	23,412
Pittsburgh-Allegheny, pA	49,836	44,381
Unionville-Chadds Ford, PA	99,178	94,796
Upper Allen Twp, PA	99,206	98,582
Wayne Highlands, PA School District	99,095	96,297
	<u>973,213</u>	<u>947,713</u>

Form 4562

OMB No. 1545-0172

Department of the Treasury
Internal Revenue Service (99)Depreciation and Amortization 990-PF
(Including Information on Listed Property)2010
Attachment
Sequence No. 67

► See separate instructions. ► Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

THE LILY FOUNDATION

FORM 990-PF PAGE 1

52-6854621

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I

1 Maximum amount (see instructions)	1	500,000.
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation	3	2,000,000.
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	
6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property Enter the amount from line 29	7	
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5	11	
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14
15 Property subject to section 168(f)(1) election	15
16 Other depreciation (including ACRS)	16

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2010

17

18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ►

Section B - Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7 year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27 5 yrs	MM	S/L	
	/		27 5 yrs	MM	S/L	
i Nonresidential real property	/		39 yrs	MM	S/L	
	/			MM	S/L	

Section C - Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

20a Class life					S/L
b 12-year			12 yrs		S/L
c 40-year	/		40 yrs	MM	S/L

Part IV Summary (See instructions)

21 Listed property Enter amount from line 28	21
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations - see instr	22
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23

010251
12-21-10 LHA For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2010)

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
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25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use **25**

26 Property used more than 50% in a qualified business use

	%							
	%							
	%							

27 Property used 50% or less in a qualified business use

	%			S/L -			
	%			S/L -			
	%			S/L -			

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle	(b) Vehicle	(c) Vehicle	(d) Vehicle	(e) Vehicle	(f) Vehicle				
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)										
31 Total commuting miles driven during the year										
32 Total other personal (noncommuting) miles driven										
33 Total miles driven during the year Add lines 30 through 32										
34 Was the vehicle available for personal use during off-duty hours?										
35 Was the vehicle used primarily by a more than 5% owner or related person?										
36 Is another vehicle available for personal use?										

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	<input type="checkbox"/> Yes <input type="checkbox"/> No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	
39 Do you treat all use of vehicles by employees as personal use?	
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?	
41 Do you meet the requirements concerning qualified automobile demonstration use?	

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

Part VI	Amortization	(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year							
43 Amortization of costs that began before your 2010 tax year							
44 Total. Add amounts in column (f). See the instructions for where to report							

- If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II and check this box

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

- If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).		
Type or print File by the extended due date for filing your return. See instructions	Name of exempt organization THE LILY FOUNDATION	Employer identification number 52-6854621
	Number, street, and room or suite no. If a P.O. box, see instructions. 200 W. LANCASTER AVENUE, NO. 202	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. WAYNE, PA 19087-4046	

Enter the Return code for the return that this application is for (file a separate application for each return)

0 4

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

THE FOUNDATION

- The books are in the care of ► **200 W. LANCASTER AVENUE, NO. 202 - WAYNE, PA 19087-4046**
Telephone No ► **610-964-0331** FAX No. ►
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ► If it is for part of the group, check this box ► and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until **NOVEMBER 15, 2011**.

5 For calendar year **2010**, or other tax year beginning , and ending .

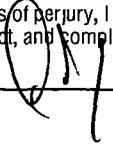
6 If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

7 State in detail why you need the extension
ADDITIONAL TIME IS NEEDED TO GATHER INFORMATION TO PREPARE A COMPLETE AND ACCURATE TAX RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$ 4,197.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$ 4,197.
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$ 0.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ► 

Title ► **CPA**

Date ► **5/2/11**

Form 8868 (Rev. 1-2011)