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

**2010**

Department of the Treasury  
Internal Revenue Service

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

**For calendar year 2010, or tax year beginning** \_\_\_\_\_, **2010, and ending** \_\_\_\_\_

**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 <b>SCHUG FOUNDATION c/o PEGGY COBB SCHUG</b>		<b>A</b> Employer identification number 56-6583795
Number and street (or P O box number if mail is not delivered to street address) 7013 ERIN COURT		<b>B</b> Telephone number (see the instructions) (704) 552-0474
City or town CHARLOTTE	State ZIP code NC 28210-4906	<b>C</b> If exemption application is pending, check here <input type="checkbox"/>
<b>H</b> Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		<b>D 1</b> Foreign organizations, check here <input type="checkbox"/>
<b>I</b> Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ 1,415,787.		<b>D 2</b> Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
<b>J</b> Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____		<b>E</b> If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
		<b>F</b> If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

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 the instructions))	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>1</b> Contributions, gifts, grants, etc. received (att sch)	152,069.			
<b>2</b> Ck <input type="checkbox"/> if the foundn is not req to att Sch B				
<b>3</b> Interest on savings and temporary cash investments				
<b>4</b> Dividends and interest from securities	34,499.	34,499.		
<b>5a</b> Gross rents				
<b>b</b> Net rental income or (loss)				
<b>6a</b> Net gain/(loss) from sale of assets not on line 10				
<b>b</b> Gross sales price for all assets on line 6a				
<b>7</b> Capital gain net income (from Part IV, line 2)		191,984.		
<b>8</b> Net short-term capital gain				
<b>9</b> Income modifications				
<b>10a</b> Gross sales less returns and allowances				
<b>b</b> Less Cost of goods sold				
<b>c</b> Gross profit/(loss) (att sch)				
<b>11</b> Other income (attach schedule) See Line 11 Stmt	1,630.	1,130.		
<b>12 Total.</b> Add lines 1 through 11	188,198.	227,613.		
<b>13</b> Compensation of officers, directors, trustees, etc				
<b>14</b> Other employee salaries and wages				
<b>15</b> Pension plans, employee benefits				
<b>16a</b> Legal fees (attach schedule)				
<b>b</b> Accounting fees (attach sch)				
<b>c</b> Other prof fees (attach sch) L-16c Stmt	15,266.	7,391.		
<b>17</b> Interest				
<b>18</b> Taxes (attach schedule) (see instr) See Line 18 Stmt	8,522.	285.		
<b>19</b> Depreciation (attach sch) and depletion				
<b>20</b> Occupancy				
<b>21</b> Travel, conferences, and meetings				
<b>22</b> Printing and publications				
<b>23</b> Other expenses (attach schedule) BANK CHARGES	88.			
<b>24 Total operating and administrative expenses.</b> Add lines 13 through 23	23,876.	7,676.		
<b>25</b> Contributions, gifts, grants paid	131,392.			
<b>26 Total expenses and disbursements.</b> Add lines 24 and 25	155,268.	7,676.		
<b>27 Subtract line 26 from line 12:</b>				
<b>a Excess of revenue over expenses and disbursements</b>	32,930.			
<b>b Net investment income</b> (if negative, enter -0-)		219,937.		
<b>c Adjusted net income</b> (if negative, enter -0-)				

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ADMINISTRATIVE AND EXPENSES

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
ASSETS	1	Cash – non-interest-bearing		1,688.	1,689.	1,689.
	2	Savings and temporary cash investments		60,329.	61,193.	61,193.
	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 the instructions)				
	7	Other notes and loans receivable (attach sch)				
		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)				
	b	Investments – corporate stock (attach schedule) L-10b Stmt		808,741.	859,672.	859,672.
	c	Investments – corporate bonds (attach schedule) L-10c Stmt		400,287.	493,233.	493,233.
	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	<b>Total assets</b> (to be completed by all filers – see instructions Also, see page 1, item I)		1,271,045.	1,415,787.	1,415,787.	
LIABILITIES	17	Accounts payable and accrued expenses		0.	0.	
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe _____)				
	23	<b>Total liabilities</b> (add lines 17 through 22)		0.	0.	
NET ASSETS OR FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, building, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds		1,271,045.	1,415,787.	
30	<b>Total net assets or fund balances</b> (see the instructions)		1,271,045.	1,415,787.		
31	<b>Total liabilities and net assets/fund balances</b> (see the instructions)		1,271,045.	1,415,787.		

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	1,271,045.
2	Enter amount from Part I, line 27a	2	32,930.
3	Other increases not included in line 2 (itemize) <u>UNREALIZED APPRECIATION</u>	3	111,812.
4	Add lines 1, 2, and 3	4	1,415,787.
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	1,415,787.

**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 shares MLC Company)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a SEE ATTACHED SCHEDULE	P	Various	Various
b CAPITAL GAIN DISTRIBUTIONS	P	Various	Various
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 316,408.	0.	128,967.	187,441.
b 4,543.	0.	0.	4,543.
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a 0.	0.	0.	187,441.
b 0.	0.	0.	4,543.
c			
d			
e			

2 Capital gain net income or (net capital loss) <span style="float:right">[ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 ]</span>	2	191,984.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) <span style="float:right">[ If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8 ]</span>	3	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?  Yes  No

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

1 Enter the appropriate amount in each column for each year, see 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 (column (b) divided by column (c))
2009	116,401.	1,091,657.	0.106628
2008	127,521.	917,791.	0.138943
2007	124,331.	977,508.	0.127192
2006	111,764.	824,800.	0.135504
2005	92,331.	826,382.	0.111729

2 Total of line 1, column (d)	2	0.619996
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.123999
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	1,228,474.
5 Multiply line 4 by line 3	5	152,330.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,199.
7 Add lines 5 and 6	7	154,529.
8 Enter qualifying distributions from Part XII, line 4	8	131,392.

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 the instructions)**

<b>1 a</b> Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instr.)		
<b>b</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	<b>1</b>	4,399.
<b>c</b> All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)		
<b>2</b> Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	<b>2</b>	0.
<b>3</b> Add lines 1 and 2	<b>3</b>	4,399.
<b>4</b> Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	<b>4</b>	0.
<b>5 Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-	<b>5</b>	4,399.
<b>6 Credits/Payments</b>		
<b>a</b> 2010 estimated tax prmts and 2009 overpayment credited to 2010	<b>6 a</b>	5,793.
<b>b</b> Exempt foreign organizations – tax withheld at source	<b>6 b</b>	
<b>c</b> Tax paid with application for extension of time to file (Form 8868)	<b>6 c</b>	
<b>d</b> Backup withholding erroneously withheld	<b>6 d</b>	
<b>7</b> Total credits and payments Add lines 6a through 6d	<b>7</b>	5,793.
<b>8</b> Enter any <b>penalty</b> for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	<b>8</b>	
<b>9</b> Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	<b>9</b>	
<b>10</b> Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	<b>10</b>	1,394.
<b>11</b> Enter the amount of line 10 to be Credited to 2011 estimated tax <input type="checkbox"/> 1,394. Refunded <input type="checkbox"/>	<b>11</b>	

**Part VII-A Statements Regarding Activities**

	Yes	No
<b>1 a</b> 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?		X
<b>b</b> Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <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>		X
<b>c</b> Did the foundation file <b>Form 1120-POL</b> for this year?		X
<b>d</b> Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year <b>(1)</b> On the foundation <input type="checkbox"/> \$ _____ <b>(2)</b> On foundation managers <input type="checkbox"/> \$ _____		
<b>e</b> Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
<b>2</b> Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities.</i>		X
<b>3</b> 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? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
<b>4 a</b> Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
<b>b</b> If 'Yes,' has it filed a tax return on <b>Form 990-T</b> for this year?		
<b>5</b> Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		X
<b>6</b> 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?		X
<b>7</b> Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
<b>8 a</b> Enter the states to which the foundation reports or with which it is registered (see the instructions) <u>NC – North Carolina</u>		
<b>b</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 <i>General Instruction G</i> ? <i>If 'No,' attach explanation</i>	X	
<b>9</b> 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)? <i>If 'Yes,' complete Part XIV</i>		X
<b>10</b> Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

BAA

**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		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address <span style="float:right">▶ N/A</span>	13	X	
14	The books are in care of ▶ <u>PHILLIPS BRAGG</u> Telephone no ▶ <u>(704) 377-0261</u> Located at ▶ <u>1031 S. CALDWELL ST., STE. 200 CHARLOTTE, NC</u> ZIP + 4 ▶ <u>28203</u>			
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 <span style="float:right">▶ 15</span>			
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 the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country ▶	16	Yes	No X

**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
1 a	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		
1 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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here <span style="float:right">▶ <input type="checkbox"/></span>	1 b	
1 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?	1 c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <input type="checkbox"/> Yes <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 the instructions)	2 b	X
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20__ , 20__ , 20__ , 20__		
3 a	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)	3 b	
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4 b	X

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

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

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

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

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

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

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

**b** If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?  Yes  No

Organizations relying on a current notice regarding disaster assistance check here

**c** If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?  Yes  No

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

**6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

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?  Yes  No

**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 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
JOHN B. SCHUG 7013 ERIN COURT CHARLOTTE NC 28210	TRUSTEE	0.	0.	0.
PEGGY C. SCHUG 7013 ERIN COURT CHARLOTTE NC 28210	TRUSTEE	0.	0.	0.

**2 Compensation of five highest-paid employees (other than those included on line 1 - see 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				
0				
0				
0				
0				

**Total** number of other employees paid over \$50,000  None

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

**3** Five highest-paid independent contractors for professional services (see instructions). If none, enter 'NONE.'

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
-----		
-----		
-----		
-----		
-----		
<b>Total</b> number of others receiving over \$50,000 for professional services		None

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

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

	Expenses
1 -----	
2 -----	
3 -----	
4 -----	

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

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

	Amount	
1 -----		
2 -----		
All other program-related investments. See instructions		
3 -----		
<b>Total.</b> Add lines 1 through 3		

BAA

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

<b>1</b> Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes.		
<b>a</b> Average monthly fair market value of securities	<b>1a</b>	1,215,315.
<b>b</b> Average of monthly cash balances	<b>1b</b>	31,867.
<b>c</b> Fair market value of all other assets (see instructions)	<b>1c</b>	
<b>d Total</b> (add lines 1a, b, and c)	<b>1d</b>	1,247,182.
<b>e</b> Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1e</b>	
<b>2</b> Acquisition indebtedness applicable to line 1 assets	<b>2</b>	
<b>3</b> Subtract line 2 from line 1d	<b>3</b>	1,247,182.
<b>4</b> Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	<b>4</b>	18,708.
<b>5 Net value of noncharitable-use assets.</b> Subtract line 4 from line 3 Enter here and on Part V, line 4	<b>5</b>	1,228,474.
<b>6 Minimum investment return.</b> Enter 5% of line 5	<b>6</b>	61,424.

**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.)

<b>1</b> Minimum investment return from Part X, line 6	<b>1</b>	61,424.
<b>2a</b> Tax on investment income for 2010 from Part VI, line 5	<b>2a</b>	4,399.
<b>b</b> Income tax for 2010 (This does not include the tax from Part VI)	<b>2b</b>	
<b>c</b> Add lines 2a and 2b	<b>2c</b>	4,399.
<b>3</b> Distributable amount before adjustments Subtract line 2c from line 1	<b>3</b>	57,025.
<b>4</b> Recoveries of amounts treated as qualifying distributions	<b>4</b>	500.
<b>5</b> Add lines 3 and 4	<b>5</b>	57,525.
<b>6</b> Deduction from distributable amount (see instructions)	<b>6</b>	
<b>7 Distributable amount</b> as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	<b>7</b>	57,525.

**Part XII** **Qualifying Distributions** (see instructions)

<b>1</b> Amounts paid (including administrative expenses) to accomplish charitable, etc, purposes		
<b>a</b> Expenses, contributions, gifts, etc – total from Part I, column (d), line 26	<b>1a</b>	131,392.
<b>b</b> Program-related investments – total from Part IX-B	<b>1b</b>	
<b>2</b> Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	<b>2</b>	
<b>3</b> Amounts set aside for specific charitable projects that satisfy the		
<b>a</b> Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b> Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4 Qualifying distributions</b> Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	131,392.
<b>5</b> 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 instructions)	<b>5</b>	0.
<b>6 Adjusted qualifying distributions.</b> Subtract line 5 from line 4	<b>6</b>	131,392.

**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
<b>1</b> Distributable amount for 2010 from Part XI, line 7				57,525.
<b>2</b> Undistributed income, if any, as of the end of 2010				
<b>a</b> Enter amount for 2009 only			0.	
<b>b</b> Total for prior years 20____, 20____, 20____				
<b>3</b> Excess distributions carryover, if any, to 2010				
<b>a</b> From 2005	51,543.			
<b>b</b> From 2006	74,275.			
<b>c</b> From 2007	80,853.			
<b>d</b> From 2008	83,682.			
<b>e</b> From 2009	67,611.			
<b>f</b> Total of lines 3a through e	357,964.			
<b>4</b> Qualifying distributions for 2010 from Part XII, line 4: ▶ \$ 131,392.				
<b>a</b> Applied to 2009, but not more than line 2a				
<b>b</b> Applied to undistributed income of prior years (Election required – see instructions)				
<b>c</b> Treated as distributions out of corpus (Election required – see instructions)				
<b>d</b> Applied to 2010 distributable amount				57,525.
<b>e</b> Remaining amount distributed out of corpus	73,867.			
<b>5</b> Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))				
<b>6</b> Enter the net total of each column as indicated below:				
<b>a</b> Corpus Add lines 3f, 4c, and 4e Subtract line 5	431,831.			
<b>b</b> Prior years' undistributed income Subtract line 4b from line 2b		0.		
<b>c</b> 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				
<b>d</b> Subtract line 6c from line 6b. Taxable amount – see instructions		0.		
<b>e</b> Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount – see instructions			0.	
<b>f</b> Undistributed income for 2010 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
<b>8</b> Excess distributions carryover from 2005 not applied on line 5 or line 7 (see instructions)	51,543.			
<b>9</b> Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	380,288.			
<b>10</b> Analysis of line 9:				
<b>a</b> Excess from 2006	74,275.			
<b>b</b> Excess from 2007	80,853.			
<b>c</b> Excess from 2008	83,682.			
<b>d</b> Excess from 2009	67,611.			
<b>e</b> Excess from 2010	73,867.			

**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 ▶

**b** Check box to indicate whether the foundation is a private operating foundation described in section  4942(j)(3) or  4942(j)(5)

**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

	Prior 3 years				(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
<b>b</b> 85% of line 2a					
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed					
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities					
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
<b>3</b> Complete 3a, b, or c for the alternative test relied upon					
<b>a</b> 'Assets' alternative test – enter					
<b>(1)</b> Value of all assets					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)					
<b>b</b> 'Endowment' alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
<b>c</b> 'Support' alternative test – enter					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
<b>(3)</b> Largest amount of support from an exempt organization					
<b>(4)</b> 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 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) )  
PEGGY SCHUG

**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  
PHILLIPS M. BRAGG  
1031 S. CALDWELL ST., STE. 200  
CHARLOTTE NC 28203 (704) 377-0261

**b** The form in which applications should be submitted and information and materials they should include  
THE SCHUG FOUNDATION SCHOLARSHIP APPLICATION

**c** Any submission deadlines  
APPLICATION DEADLINE FOR NEW APPLICANTS IS APRIL 30 OF EACH YEAR.

**d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors.  
SCHOLARSHIPS AWARDED TO N.C. RESIDENTS AND TO THE EXTENT FEASIBLE, PREFERENCE FOR SCHOLARSHIPS GIVEN TO RESIDENTS OF MECKLENBURG, HAYWOOD OR

JACKSON COUNTIES

**Part XV** Supplementary Information (continued)

**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i>				
RANDOLPH WORSLEY II 3019 WALSINGHAM COURT MATTHEWS NC 28105	NONE	GOOD	WINSTON SALEM STATE UNIV TUITION	1,500.
TAMIKA DAWKINS 533 WRAYHILL DRIVE CHARLOTTE NC 28262	NONE	GOOD	WINSTON SALEM STATE UNIV TUITION	3,000.
BRIANNA HINES 5408 NIGHTSHADE OAKS DRIVE CHARLOTTE NC 28227	NONE	GOOD	WINSTON SALEM STATE UNIV TUITION	3,000.
DANIEL ZEREGABER 7228 MARLBROOK DRIVE CHARLOTTE NC 28212	NONE	GOOD	WINSTON SALEM STATE UNIV TUITION	4,500.
WILLIAM GOSSETT 91 MAGNOLIA STREET SYLVA NC 28779	NONE	GOOD	WESTERN CAROLINA UNIV TUITION	3,000.
GINI JONES P.O. BOX 1295 LAKE JUNALUSKA NC 28745	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	1,500.
PAIGE TILLEY 1668 HYATT CREEK ROAD WAYNESVILLE NC 28786	NONE	GOOD	APPALACHIAN STATE UNIV. TUITION	1,000.
PATRICK MCDONALD 146 WINDMERE TRACE WAYNESVILLE NC 28785	NONE	GOOD	APPALACHIAN STATE TUITION	1,000.
JACOB HAMPTON 143 RAINBOW STREET WAYNESVILLE NC 28786	NONE	GOOD	UNC CHAPEL HILL TUITION	1,250.
See Line 3a statement				
<b>Total</b>				<b>111,642.</b>
<i>b Approved for future payment</i>				
<b>Total</b>				<b>131,392.</b>





**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**

OMB No 1545-0047

**2010**

Name of the organization

SCHUG FOUNDATION c/o PEGGY COBB SCHUG

Employer identification number

56-6583795

**Organization type** (check one):

**Filers of:**

Form 990 or 990-EZ

**Section:**

- 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 33-1/3% 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 their 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).

**BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990,**

**Schedule B (Form 990, 990-EZ, or 990-PF) (2010)**

Name of organization

Employer identification number

SCHUG FOUNDATION c/o PEGGY COBB SCHUG

56-6583795

**Part I** Contributors (see instructions )

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	PEGGY SCHUG ----- 7013 ERIN COURT ----- CHARLOTTE NC 28210 -----	\$ 152,069. -----	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ ----- -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ ----- -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ ----- -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ ----- -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
-----	-----	\$ ----- -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization

Employer identification number

SCHUG FOUNDATION c/o PEGGY COBB SCHUG

56-6583795

**Part II** Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	2,350 SHARES OF COCA COLA COMMON STOCK	\$ 152,069.	12/03/10

Form 990-PF, Page 1, Part I, Line 11

**Line 11 Stmt**

Other income.	Rev/Exp Book	Net Inv Inc	Adj Net Inc
REVERSE SPLIT INCOME	1,130.	1,130.	
REFUND OF SCHOLARSHIP PAYMENT	500.		
<b>Total</b>	<b>1,630.</b>	<b>1,130.</b>	

Form 990-PF, Page 1, Part I, Line 18

**Line 18 Stmt**

Taxes (see the instructions)	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
FEDERAL TAXES	8,237.			
FOREIGN TAXES WITHHELD	285.	285.		
<b>Total</b>	<b>8,522.</b>	<b>285.</b>		

Form 990-PF, Page 11, Part XV, line 3a

**Line 3a statement**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				
JONATHAN PATTON 936 GLENFIDDICH DRIVE CHARLOTTE NC 28215	NONE	GOOD	NC CENTRAL UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,500.
BENJAMIN LUPTON 75 CHESTNUT GROVE LANE CLYDE NC 28721	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 4,500.
JAMES ROGERS 120 HORIZON TRAIL CLYDE NC 28721	NONE	GOOD	NC STATE UNIV. BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 279.
ANGELINA PRATT 618 EAST STREET WAYNESVILLE NC 28786	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 4,000.
AMY SHUFORD 230 PEE DEE AVENUE NORWOOD NC 28128	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,500.
ANNA ROSE SMITH 14 CASUAL LANE WAYNESVILLE NC 28786	NONE	GOOD	UNC WILMINGTON TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 4,500.
BREANNI GILL 408A WEST RAILROAD ST., APT. 104 PEMBROKE NC 28372	NONE	GOOD	UNC PEMBROKE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,739.
DESIRAE' DILLON 1515 HARLAND STREET CHARLOTTE NC 28216	NONE	GOOD	APPALACHIAN STATE TUITION & BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,914.

Form 990-PF, Page 11, Part XV, line 3a

Continued

## Line 3a statement

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				
<u>ELIZA MARTH</u> <u>347 BALSAM DRIVE</u> <u>WAYNESVILLE NC 28786</u>	NONE	GOOD	NC STATE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 4,500.
<u>HUGO CALDERON</u> <u>2556 NICKELRIDGE CT.</u> <u>CHARLOTTE NC 28273</u>	NONE	GOOD	UNC CHARLOTTE BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 494.
<u>JAVARIO FUNDERBURK</u> <u>3525 CITISIDE DRIVE, APT. 202</u> <u>CHARLOTTE NC 28215</u>	NONE	GOOD	WINSTON SALEM STATE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
<u>JESSICA HAMPTON</u> <u>143 RAINBOW STREET</u> <u>WAYNESVILLE NC 28786</u>	NONE	GOOD	NC STATE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
<u>JESSICA SALAS</u> <u>1616 ALLEN STREET</u> <u>CHARLOTTE NC 28205</u>	NONE	GOOD	UNC CHAPEL HILL TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,000.
<u>KELLY WOLFE</u> <u>160 TURKEY HOLLOW COURT</u> <u>WAYNESVILLE NC 28785</u>	NONE	GOOD	UNC CHAPEL HILL TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 689.
<u>MICHELLE PERRY</u> <u>3601 GUSTAR COURT</u> <u>CHARLOTTE NC 28212</u>	NONE	GOOD	WINSTON SALEM STATE UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
<u>STENNET SMITH, JR.</u> <u>7831 OLD NORTH COURT</u> <u>CHARLOTTE NC 28270</u>	NONE	GOOD	NORTH CAROLINA A&T UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
<u>AMANDA HYATT</u> <u>230 BLANTON DRIVE</u> <u>WAYNESVILLE NC 28786</u>	NONE	GOOD	WESTERN CAROLINA UNIVERS TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,000.
<u>COURTNEY WADE</u> <u>46 FERGUSON COVE LOOP</u> <u>CLYDE NC 28721</u>	NONE	GOOD	NC STATE UNIVERSITY TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
<u>ELIZABETH JONES</u> <u>P.O. BOX 1295</u> <u>LAKE JUNALUSKA NC 28745</u>	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,500.
<u>ERIN DANIELS</u> <u>532 WOODLAWN CIRCLE</u> <u>CLYDE NC 28721</u>	NONE	GOOD	UNC PEMBROKE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,000.
<u>GRACE WILLIAMSON</u> <u>71 WORSHAM DRIVE</u> <u>WAYNESVILLE NC 28786</u>	NONE	GOOD	NC STATE UNIVERSITY TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
<u>JEFFREY COLEMAN</u> <u>375 GLENWOOD DRIVE</u> <u>CLYDE NC 28721</u>	NONE	GOOD	EAST CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,263.
<u>KRISTEN ARRINGTON</u> <u>156 SUTTON LOOP</u> <u>WAYNESVILLE NC 28786</u>	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,958.

Form 990-PF, Page 11, Part XV, line 3a

Continued

**Line 3a statement**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				
LINDSEY SCHEPPEGRELL 13622 DARBY CHASE DRIVE CHARLOTTE NC 28277	NONE	GOOD	EAST CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,000.
LYNZIE SMITH 535 WALNUT TRAIL WAYNESVILLE NC 28785	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,000.
MORGAN GARDNER 302 WHITE MOUNTAIN ROAD WAYNESVILLE NC 28785	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 988.
NATHAN HAMPTON 143 RAINBOW STREET WAYNESVILLE NC 28786	NONE	GOOD	NC STATE UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
WHITLEY ALBURY 214 HAZELWOOD AVENUE WAYNESVILLE NC 28786	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
TA'LEENA ASHLEY 2446 ARTY AVENUE CHARLOTTE NC 28208	NONE	GOOD	NC CENTRAL UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,000.
BARRY RICE 7900 MONFREYA COURT CHARLOTTE NC 28212	NONE	GOOD	MARS HILL COLLEGE TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,500.
BRIANNA FRINK 8318 SHINKANSEN DRIVE CHARLOTTE NC 28213	NONE	GOOD	UNC GREENSBORO TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,300.
CAROLINE LEDFORD 276 FARLEY ST. WAYNESVILLE NC 28786	NONE	GOOD	UNC CHARLOTTE TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,800.
CHELSEA CARPENTER 345 LOW GAP ROAD MAGGIE VALLEY NC 28751	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,800.
CHRISTINA DILL 22 YARBOROUGH ST. WAYNESVILLE NC 28786	NONE	GOOD	NEW MEXICO STATE TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,258.
CHRISTOPHER WRIGHT 218 S. HOSKINS ROAD CHARLOTTE NC 28208	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,486.
DAVID ATWOOD 39 CONLEY STREET WAYNESVILLE NC 28786	NONE	GOOD	YOUNG HARRIS COLLEGE TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,800.
DEVIN MCCROREY 6723 RIVA RIDGE COURT CHARLOTTE NC 28216	NONE	GOOD	EMORY & HENRY BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 252.
DIEDRE HUTCHINSON 519 WOODINGTON LANE CHARLOTTE NC 28214	NONE	GOOD	EAST CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,000.

Form 990-PF, Page 11, Part XV, line 3a

Continued

## Line 3a statement

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b>				
DUSTIN WELLS 78 LITTLE CREEK LANE MAGGIE VALLEY NC 28751	NONE	GOOD	LIBERTY UNIVERSITY TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,800.
JAMES COLBY FRAZIER 973 OLD BALSAM ROAD WAYNESVILLE NC 28786	NONE	GOOD	CASEY & SON HORSESHOEING SCHOOL TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,600.
JESSICA SPANN 1940 WILDWOOD DRIVE CHARLOTTE NC 28214	NONE	GOOD	NC A&T UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 2,800.
KENNETH PRATT 618 EAST STREET WAYNESVILLE NC 28786	NONE	GOOD	YOUNG HARRIS COLLEGE TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,110.
MARVIN GOODWIN II 6120 LAKE FOREST ROAD EAST CHARLOTTE NC 28227	NONE	GOOD	WOFFORD COLLEGE LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 800.
MEGAN GRISSOM 8301 KIRKSTONE COURT CHARLOTTE NC 28216	NONE	GOOD	UNC GREENSBORO TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,049.
MEGAN HARDESTY 341 FOURTH STREET WAYNESVILLE NC 28786	NONE	GOOD	UNIV. OF KENTUCKY LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 800.
MEGAN MCLEOD 121 MERRIE WAY WAYNESVILLE NC 28786	NONE	GOOD	DAVIDSON COLLEGE TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,800.
MEREDITH CORN 78 NEWFOUND STREET CANTON NC 28716	NONE	GOOD	UNC CHAPEL HILL TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
PATRICK FINEGAN 65 WOODFERN MAGGIE VALLEY NC 28751	NONE	GOOD	NC STATE UNIV. BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 350.
RACHEL JUSTICE P.O. BOX 146 CLYDE NC 28721	NONE	GOOD	UNC CHAPEL HILL BOOKS	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 500.
ROCKFORD STONE 6633 LYNFIELD DRIVE CHARLOTTE NC 28212	NONE	GOOD	UNIV. OF CHARLESTON LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 451.
SAMUEL ALEXANDER SMITH 89 WILDFLOWER LANE WAYNESVILLE NC 28786	NONE	GOOD	LEES-MCRAE COLLEGE TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,800.
STEFANIE COLEMAN 375 GLENWOOD DRIVE CLYDE NC 28721	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,162.
TAYLOR SWITCH 25 LAMPLIGHTER DRIVE WAYNESVILLE NC 28786	NONE	GOOD	HAYWOOD COMM. COLLEGE TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,300.

Form 990-PF, Page 11, Part XV, Line 3a

Continued

**Line 3a statement**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foun- dation status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox  Amount
<b>a Paid during the year</b> TISHA CARVER 34 HOGLEN RIDGE WAYNESVILLE NC 28785	NONE	GOOD	WESTERN CAROLINA UNIV. TUITION	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 3,000.
WALTON SHEPHERD 1009 HOOSIER COURT LAKE JUNALUSKA NC 28745	NONE	GOOD	LENOIR-RHYNE UNIV. TUITION & LAPTOP	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 1,800.

Total

111,642.

Form 990-PF, Page 1, Part I

**Line 16c - Other Professional Fees**

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
BRAGG FINANCIAL ADVI	INVESTMENT ADVISORY FE	7,391.	7,391.		
BRAGG FINANCIAL ADVI	ADMINISTRATION FEES	7,875.			

Total

15,266. 7,391.

Form 990-PF, Page 2, Part II, Line 10b

**L-10b Stmt**

Line 10b - Investments - Corporate Stock:	End of Year	
	Book Value	Fair Market Value
SEE SCHEDULE	859,672.	859,672.
Total	<u>859,672.</u>	<u>859,672.</u>

Form 990-PF, Page 2, Part II, Line 10c

**L-10c Stmt**

Line 10c - Investments - Corporate Bonds:	End of Year	
	Book Value	Fair Market Value
SEE SCHEDULE	493,233.	493,233.

Form 990-PF, Page 2, Part II, Line 10c

Continued

**L- 10c Stmt**

<b>Line 10c - Investments - Corporate Bonds:</b>	<b>End of Year</b>	
	<b>Book Value</b>	<b>Fair Market Value</b>
Total	<u>493,233.</u>	<u>493,233.</u>

**Supporting Statement of:**

Form 990-PF, p1/Line 1(a)

Description	Amount
2,350 SHARES OF COCA COLA STOCK	152,069.
Total	<u>152,069.</u>

**Realized Gains and Losses**  
Fiscal Year Ending 12/31/2010

Schug Foundation    Foundation Account    Acct #: 5QR001239  
7013 Erin Court  
Charlotte, NC 28210-4906

**Realized Gains and Losses**

<u>Description</u>	<u>Quantity</u>	<u>Date</u>		<u>Cost</u>	<u>Net Proceeds</u>	<u>Short Term Gains</u>	<u>Total Long Gains</u>	<u>Total Gains</u>
		<u>Acquired</u>	<u>Date Sold</u>					
Amgen Inc	120.000	10/14/2008	08/10/2010	6,390.79	6,710.81		320.02	320.02
Apache Corp	65.000	03/06/2009	11/30/2010	3,525.71	7,029.53		3,503.82	3,503.82
AT&T Inc	36.750	06/26/2001	08/10/2010	1,422.24	989.47		-432.77	-432.77
AT&T Inc	148.250	06/26/2001	08/10/2010	4,318.14	3,991.59		-326.55	-326.55
	185.000			5,740.38	4,981.06		-759.32	-759.32
Baker Hughes Inc	0.147	03/06/2009	04/28/2010	3.32	7.34		4.02	4.02
Bj Svcs Co Com	54.000	03/06/2009	04/28/2010	488.16	1,250.18		762.02	762.02
Bj Svcs Co Com	100.000	03/06/2009	04/28/2010	905.00	2,315.15		1,410.15	1,410.15
Bj Svcs Co Com	100.000	03/06/2009	04/28/2010	904.00	2,315.15		1,411.15	1,411.15
Bj Svcs Co Com	271.000	03/06/2009	04/28/2010	2,452.57	6,274.06		3,821.49	3,821.49
	525.000			4,749.73	12,154.54		7,404.81	7,404.81
CBS Corp	880.000	03/06/2009	04/28/2010	2,960.76	14,185.33		11,224.57	11,224.57
Chubb Corp	105.000	03/06/2009	11/30/2010	3,707.47	5,997.69		2,290.22	2,290.22
Citadel Broadcasting Corp Com	9.000	12/03/2003	11/05/2010	35.06	0.00		-35.06	-35.06
Coca-Cola Company	400.000	01/03/1968	12/08/2010	640.00	25,692.96		25,052.96	25,052.96
Coca-Cola Company	1,650.000	01/03/1968	12/08/2010	2,640.00	105,987.53		103,347.53	103,347.53
Coca-Cola Company	200.000	01/03/1968	12/08/2010	320.00	12,846.97		12,526.97	12,526.97
Coca-Cola Company	100.000	01/03/1968	12/08/2010	160.00	6,423.48		6,263.48	6,263.48
	2,350.000			3,760.00	150,950.94		147,190.94	147,190.94
Dow Chem Co	195.000	03/06/2009	11/30/2010	1,280.68	6,095.21		4,814.53	4,814.53
Fedex Corp Com	70.000	12/03/2003	04/28/2010	5,203.70	6,361.49		1,157.79	1,157.79
Frontier Communications	0.210	03/06/2009	07/08/2010	1.55	1.49		-0.06	-0.06
Grainger WW Inc	50.000	03/06/2009	11/30/2010	3,067.78	6,269.89		3,202.11	3,202.11
Harbor Intl	155.240	03/09/2007	11/30/2010	9,597.80	8,749.18		-848.62	-848.62
Harbor Intl	22.034	09/11/2007	11/30/2010	1,518.51	1,241.82		-276.69	-276.69
	177.274			11,116.31	9,991.00		-1,125.31	-1,125.31
Ishares S & P 400 Value	45.000	11/01/2006	04/28/2010	3,484.50	3,385.57		-98.93	-98.93
Ishares S & P 400 Value	115.000	09/07/2007	04/28/2010	9,483.04	8,652.02		-831.02	-831.02
	160.000			12,967.54	12,037.59		-929.95	-929.95

} Donation

**Realized Gains and Losses**  
Fiscal Year Ending 12/31/2010

Schug Foundation    Foundation Account    Acct #: 5QR001239

**Realized Gains and Losses**

<u>Description</u>	<u>Quantity</u>	<u>Date</u>		<u>Cost</u>	<u>Net Proceeds</u>	<u>Short Term Gains</u>	<u>Total Long Gains</u>	<u>Total Gains</u>
		<u>Acquired</u>	<u>Date Sold</u>					
Queens Road Small Val	453 772	02/13/2009	08/10/2010	5,490.64	7,991.00		2,500.36	2,500.36
Queens Road Small Val	247.358	02/13/2009	11/30/2010	2,993.03	4,809.25		1,816.22	1,816.22
Queens Road Small Val	266 517	03/06/2009	11/30/2010	2,503.15	5,181.75		2,678.60	2,678.60
	513 875			5,496.18	9,991.00		4,494.82	4,494.82
	967.647			10,986.82	17,982.00		6,995.18	6,995.18
Royce Total Return	939 018	10/14/2008	04/28/2010	9,004.79	11,353.12		2,348.33	2,348.33
Sysco Corp	115 000	11/01/2006	08/10/2010	4,058.09	3,560.40		-497.69	-497.69
Vanguard ST Corp	2,614.379	12/05/2003	06/24/2010	28,216.77	27,991.00		-225.77	-225.77
Vanguard ST Govt	639 854	11/01/2006	08/10/2010	6,599.40	6,991.00		391.60	391.60
Vanguard Tot Bond Mkt Ind	541.387	12/05/2003	06/24/2010	5,590.39	5,756.77		166.38	166.38
Short Term Gains								
Total Long Gains				128,967.04	316,408.20		187,441.16	
Total (Sales)				128,967.04	316,408.20		187,441.16	187,441.16
<b>Total Gains</b>							<b>187,441.16</b>	<b>187,441.16</b>

EO Corporate Stock \$ 859,672.31

**Portfolio Summary**

As of 12/31/2010

Schug Foundation Foundation Account Acct #: 5QR001239  
 7013 Erin Court  
 Charlotte, NC 28210-4906

Description	Symbol	Quantity	Trade Date	Current Value	Cost Basis	Unrealized G/L	% G/L	Maturity Date
<b>US Large Cap</b>								
<b>TECHNOLOGY</b>								
Automatic Data Processin	ADP	165	10/14/2008	7,636.20	5,896	1,740	30%	
Cisco Systems Inc	CSCO	390	11/01/2006	7,889.70	9,512	(1,622)	-17%	
Dell Inc.	DELL	205	06/26/2001	2,777.75	4,932	(2,154)	-44%	
EMC Corp	EMC	690	03/06/2009	15,801.00	6,758	9,043	134%	
Hewlett-Packard Ca	HPQ	235	10/17/2005	9,893.50	6,461	3,432	53%	
IBM	IBM	115	09/07/2007	16,877.40	13,365	3,512	26%	
Intel Corp	INTC	585	12/19/2001	12,302.55	12,423	(120)	-1%	
Microsoft Corp	MSFT	300	10/31/2001	8,376.00	8,437	(61)	-1%	
Oracle Corp	ORCL	270	12/03/2003	8,451.00	3,548	4,903	138%	
Texas Instruments	TXN	225	12/08/2010	7,312.50	7,494	(181)	-2%	
<b>FINANCIAL</b>								
American Express	AXP	190	10/14/2008	8,154.80	5,555	2,600	47%	
Ameriprise Financial	AMP	68	07/31/2008	3,913.40	2,914	999	34%	
Bank Of New York Co	BK	300	12/08/2010	9,060.00	8,551	509	6%	
Chubb Corp	CB	100	03/06/2009	5,964.00	3,531	2,433	69%	
Price T Rowe Group Inc	TROW	140	11/24/2004	9,035.60	4,163	4,872	117%	
Progressive Corp Of	PGR	660	03/06/2009	13,114.20	6,821	6,294	92%	
Raymond James Finl	RJF	235	11/01/2006	7,684.50	7,467	218	3%	
US Bancorp Del	USB	175	10/14/2008	4,719.75	5,572	(852)	-15%	
Wells Fargo & Co	WFC	320	12/03/2003	9,916.80	9,116	801	9%	
<b>HEALTH CARE</b>								
Abbott Laboratories	ABT	170	10/11/2004	8,144.70	7,019	1,126	16%	
Amgen Inc	AMGN	150	12/08/2010	8,235.00	7,992	243	3%	
Becton Dickinson &	BDX	200	12/03/2003	16,904.00	8,109	8,796	108%	
Bristol-Myers Squibb	BMJ	465	03/06/2009	12,313.20	8,410	3,903	46%	
C. R. Bard, Inc.	BCR	105	03/06/2009	9,635.85	7,687	1,949	25%	
Johnson & Johnson	JNJ	174	08/07/2001	10,761.90	9,018	1,744	19%	
Medtronic Inc	MDT	125	11/01/2006	4,636.25	6,081	(1,445)	-24%	
Merck & Co Inc	MRK	85	06/26/2001	3,063.40	5,431	(2,367)	-44%	
Pfizer Inc	PFE	265	06/26/2001	4,640.15	10,330	(5,690)	-55%	
<b>CONS STAPLES</b>								
Brown Forman Class B	BF B	100	10/17/2005	6,962.00	4,672	2,290	49%	
Clorox Co	CLX	200	03/06/2009	12,656.00	9,282	3,374	36%	
Colgate-Palmolive Co	CL	75	12/03/2003	6,027.75	4,011	2,017	50%	
Procter & Gamble Co	PG	160	12/03/2003	10,292.80	7,782	2,511	32%	
Sysco Corp	SYJ	190	12/08/2010	5,586.00	5,575	11	0%	
Wal Mart Stores Inc	WMT	245	06/26/2001	13,212.85	12,402	811	7%	
Walgreen Stores	WAG	240	09/07/2007	9,350.40	10,721	(1,371)	-13%	
<b>CONS CYCLICALS</b>								
Home Depot Inc	HD	240	06/26/2001	8,414.40	9,894	(1,480)	-15%	
McDonald's Corp	MCD	215	12/03/2003	16,503.40	5,729	10,774	188%	
News Corp Ltd Spons	NWSA	500	02/01/2006	7,280.00	7,860	(580)	-7%	
Target Corp	TGT	155	09/07/2007	9,320.15	9,590	(270)	-3%	

## Portfolio Summary

As of 12/31/2010

Schug Foundation    Foundation Account    Acct #: 5QR001239

Description	Symbol	Quantity	Trade Date	Current Value	Cost Basis	Unrealized G/L	% G/L	Maturity Date
<b>US Large Cap</b>								
<b>CONS CYCLICALS</b>								
Tjx Companies Inc	TJX	245	12/08/2010	10,875.55	10,974	(98)	-1%	
<b>CAPITAL GOODS</b>								
Danaher Corp	DHR	160	03/03/2008	7,547.20	5,930	1,618	27%	
General Electric Co	GE	170	12/03/2003	3,109.30	5,039	(1,930)	-38%	
Grainger WW Inc	GWV	70	03/06/2009	9,667.70	4,295	5,373	125%	
Ingersoll Rand Co	IR	160	12/08/2010	7,534.40	6,980	555	8%	
Minnesota Mining & United Technologies	MMM	120	04/04/2002	10,356.00	8,105	2,251	28%	
United Technologies	UTX	185	03/06/2009	14,563.20	7,045	7,518	107%	
<b>COMMUNICATIONS</b>								
AT&T Inc	T	226	06/26/2001	6,639.88	5,415	1,225	23%	
Verizon	VZ	255	03/06/2009	9,123.90	6,431	2,693	42%	
<b>ENERGY</b>								
Apache Corp	APA	100	03/06/2009	11,923.00	5,424	6,499	120%	
Baker Hughes Inc	BHI	168	03/06/2009	9,604.56	3,794	5,810	153%	
Chevrontexaco Corp	CVX	136	12/03/2003	12,410.00	5,243	7,167	137%	
Conocophillips	COP	160	11/01/2006	10,896.00	11,885	(989)	-8%	
Exxon Mobil Corp	XOM	170	06/26/2001	12,430.40	6,411	6,019	94%	
Marathon Oil Corp	MRO	200	12/08/2010	7,406.00	6,972	434	6%	
Valero Energy	VLO	145	11/12/2007	3,352.40	9,298	(5,946)	-64%	
<b>UTILITIES</b>								
Dominion Res Inc Va	D	150	09/07/2007	6,408.00	6,381	27	0%	
Exelon Corp Com	EXC	185	12/03/2003	7,703.40	7,392	311	4%	
Firstenergy Corp	FE	60	11/01/2006	2,221.20	3,563	(1,342)	-38%	
Southern Co	SO	335	12/03/2003	12,807.05	9,669	3,138	32%	
<b>BASIC MATERIALS</b>								
Air Products & Chems	APD	145	12/03/2003	13,187.75	7,192	5,995	83%	
Dow Chem Co	DOW	155	03/06/2009	5,291.70	1,018	4,274	420%	
Ishare Gold Fund	GLD	100	03/06/2009	13,872.00	9,245	4,627	50%	
<b>REIT</b>								
Kimco Realty Corp	KIM	180	11/24/2004	3,247.20	5,032	(1,784)	-35%	
Vornado Rlty Tr	VNO	72	11/24/2004	5,999.76	5,174	826	16%	
				① 570,998.40	454,017	116,981	26%	
<b>US Mid Cap</b>								
<b>GROWTH MUTUAL FUND</b>								
T R Price Mid Cap Growt	RPMGX	326.039	08/07/2001	19,083.06	12,521	6,562	52%	
Vanguard Mid-Cap Gr E	VOT	75	03/03/2008	4,672.50	4,388	284	6%	
<b>VALUE MUTUAL FUND</b>								
T R Price Mid Cap Value	TRMCX	1,056.603	05/12/2003	25,052.06	18,718	6,334	34%	
<b>COMMUNICATIONS</b>								
Frontier Communications	FTR	61	03/06/2009	593.53	450	144	32%	
				① 49,401.15	36,078	13,323	37%	

## Portfolio Summary

As of 12/31/2010

Schug Foundation    Foundation Account    Acct #: 5QR001239

Description	Symbol	Quantity	Trade Date	Current Value	Cost Basis	Unrealized G/L	% G/L	Maturity Date
<b>US Small Cap</b>								
<b>GROWTH MUTUAL FUND</b>								
Vanguard Explorer	VEXPX	161.206	12/03/2003	11,751.92	10,445	1,307	13%	
Vanguard Small Cap Gro	VBK	210	09/07/2007	16,388.40	15,410	978	6%	
<b>VALUE MUTUAL FUND</b>								
Queens Road Small Val	QRSVX	4,199.751	03/06/2009	83,533.05	40,730	42,803	105%	
				① 111,673.37	66,586	45,088	68%	
<b>Foreign Equities</b>								
<b>GROWTH MUTUAL FUND</b>								
Europacific Growth F	AEGFX	617.933	12/03/2003	25,434.12	24,470	964	4%	
Europacific Growth F-2	AEPFX	866.65	03/06/2009	35,818.64	25,618	10,201	40%	
<b>VALUE MUTUAL FUND</b>								
Harbor Intl	HAINX	1,095.733	09/11/2007	66,346.63	48,417	17,929	37%	
				① 127,599.39	98,505	29,094	30%	
<b>Taxable Fixed Incm</b>								
<b>AGENCY</b>								
Vanguard GNMA	VFIIX	6,100.904	03/06/2009	65,523.71	65,018	506	1%	
<b>Inflation Protected Securities</b>								
Vanguard Inflation Protec	VIPSX	5,379.599	12/05/2003	69,934.79	65,023	4,912	8%	
<b>US TREASURY/AGENCY</b>								
Vanguard Interm Govt	VFITX	2,452.463	08/07/2001	27,786.41	27,019	768	3%	
Vanguard ST Gov't Bond	VGSH	495	12/08/2010	29,982.15	30,002	(20)	0%	
Vanguard ST Govt	VSGBX	4,778.048	11/01/2006	51,411.80	49,430	1,982	4%	
<b>HIGH GRADE CORPORATE BOND</b>								
Capital World Bond F-2	BFWFX	1,251.878	04/28/2010	25,538.31	25,009	529	2%	
Ishares Tr Lehman 1-3 Yr	CSJ	220	11/18/2009	22,941.60	22,987	(45)	0%	
Vanguard Interm-Trm Co	VFICX	7,266.828	12/05/2003	72,086.93	70,023	2,064	3%	
Vanguard ST Corp	VFSTX	4,842.177	12/05/2003	52,150.25	48,665	3,485	7%	
Vanguard ST Corp Bond	VCSH	510	12/08/2010	39,479.10	39,453	26	0%	
<b>HIGH YIELD BOND</b>								
Vanguard Fixed Inc High	VWEHX	6,385.644	11/01/2006	36,398.17	39,020	(2,622)	-7%	
				493,233.22	481,647	11,586	2%	
<b>Cash Equivalents</b>								
<b>MONEY MARKET</b>								
CASH	CASH			4,194.51	4,195			
Federated Cap Reserves	FCR			65,984.79	65,985			
				1,423,084.83	1,207,012	216,073	18%	

Cash @ 12/31/10 61,193.93

The above information is based on sources believed to be correct. However, it is not to be considered an official statement of your account. We suggest that you compare this report to the account statements and the order confirmations sent to you directly from Pershing, LLC.