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

OMB No 1545-0052

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 10/01, 2010, and ending 9/30, 2011

G Check all that apply: ☐ Initial return ☐ Initial Return of a former public charity ☐ Final return  
☐ Amended return ☐ Address change ☐ Name changeTHE HILL FAMILY FOUNDATION, INC.  
C/O VERNON W. HILL II  
262 EAST MAIN STREET  
MOORESTOWN, NJ 08057

A Employer identification number

22-3714460

B Telephone number (see the instructions)

C If exemption application is pending, check here ☐D 1 Foreign organizations, check here ☐2 Foreign organizations meeting the 85% test, check here and attach computation ☐E If private foundation status was terminated under section 507(b)(1)(A), check here ☐F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐H Check type of organization: ☒ 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, column (c), line 16)

\$ 10,147,141.

J Accounting method: ☒ Cash ☐ Accrual  
☐ Other (specify) \_\_\_\_\_

(Part I, column (d) must be on cash basis)

## 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)

REVENUE	1	Contributions, gifts, grants, etc., received (att sch)	841,895.			
	2	Ch <input type="checkbox"/> if the foundn is not req to att Sch B				
	3	Interest on savings and temporary cash investments	5,179.	5,179.	5,179.	
	4	Dividends and interest from securities	335,321.	335,321.	335,321.	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain/(loss) from sale of assets not on line 10	-86,518.			
	b	Gross sales price for all assets on line 6a	4,211,749.			
	7	Capital gain net income (from Part IV, line 2)		0.		
	8	Net short-term capital gain			0.	
	9	Income modifications				
ADMINISTRATIVE AND OPERATING EXPENSES	10a	Gross sales less returns and allowances				
	b	Less: Cost of goods sold				
	c	Gross profit/(loss) (att sch)				
	11	Other income (attach schedule)				
	12	Total. Add lines 1 through 11	1,095,877.	340,500.	340,500.	
	13	Compensation of officers, directors, trustees, etc	0.			
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule) SEE ST 1	11,600.			11,600.
	b	Accounting fees (attach sch)				
	c	Other prof fees (attach sch)				
ADMINISTRATIVE AND OPERATING EXPENSES	17	Interest				
	18	Taxes (attach schedule) SEE ST 2	22,807.			22,807.
	19	Depreciation (attach sch) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule) SEE STATEMENT 3	53.			53.
	24	Total operating and administrative expenses. Add lines 13 through 23	34,460.			34,460.
	25	Contributions, gifts, grants paid PART XV	3,936,000.			3,936,000.
	26	Total expenses and disbursements. Add lines 24 and 25	3,970,460.	0.	0.	3,970,460.
	CARRYOVER	27	Subtract line 26 from line 12:			
a		Excess of revenue over expenses and disbursements	-2,874,583.			
b		Net investment income (if negative, enter -0-)		340,500.		
	c	Adjusted net income (if negative, enter -0-)			340,500.	

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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				
	2	Savings and temporary cash investments		180,384.	146,023.	
	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) STATEMENT 4		9,107,708.	7,158,296.	7,559,237.
	c	Investments – corporate bonds (attach schedule)				
	11	Investments – land, buildings, and equipment: basis				
	Less: accumulated depreciation (attach schedule)					
12	Investments – mortgage loans					
13	Investments – other (attach schedule) STATEMENT 5		3,950,832.	3,060,022.	2,587,904.	
14	Land, buildings, and equipment: basis					
	Less: accumulated depreciation (attach schedule)					
15	Other assets (describe)					
16	Total assets (to be completed by all filers – see instructions. Also, see page 1, item I)		13,238,924.	10,364,341.	10,147,141.	
LIABILITIES	17	Accounts payable and accrued expenses				
	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	Total liabilities (add lines 17 through 22)		0.	0.	
NET FUND ASSETS OR	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/>					
	24	Unrestricted		13,238,924.	10,364,341.	
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input 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				
	30	Total net assets or fund balances (see the instructions)		13,238,924.	10,364,341.	
	31	Total liabilities and net assets/fund balances (see the instructions)		13,238,924.	10,364,341.	

## Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year – Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	13,238,924.
2	Enter amount from Part I, line 27a	2	-2,874,583.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	10,364,341.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	10,364,341.

**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 STATEMENT 6				
b				
c				
d				
e				

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

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

2 Capital gain net income or (net capital loss)	<div style="border: 1px solid black; padding: 2px;">           If gain, also enter in Part I, line 7            If (loss), enter -0- in Part I, line 7         </div>	2	-86,518.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)			
If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8		3	-13,014.

**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	368,402.	13,311,340.	0.027676
2008	1,389,425.	12,829,252.	0.108301
2007	1,308,788.	13,898,893.	0.094165
2006	1,026,539.	12,818,718.	0.080081
2005	1,203,262.	12,257,577.	0.098165

2 Total of line 1, column (d)	2	0.408388
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	0.081678
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	15,050,169.
5 Multiply line 4 by line 3	5	1,229,268.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	3,405.
7 Add lines 5 and 6	7	1,232,673.
8 Enter qualifying distributions from Part XII, line 4	8	3,970,460.

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)

1 a 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 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		1 3,405.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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 3,405.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4 0.
5 <b>Tax based on investment income</b> Subtract line 4 from line 3. If zero or less, enter -0-		5 3,405.
6 Credits/Payments		
a 2010 estimated tax pmts and 2009 overpayment credited to 2010	6 a	
b Exempt foreign organizations— tax withheld at source	6 b	
c Tax paid with application for extension of time to file (Form 8868)	6 c	
d Backup withholding erroneously withheld	6 d	
7 Total credits and payments. Add lines 6a through 6d	7	0.
8 Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	88.
9 <b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>	9	3,493.
10 <b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>	10	
11 Enter the amount of line 10 to be <b>Credited to 2011 estimated tax</b>	11	
		<b>Refunded</b>

**Part VII A Statements Regarding Activities**

	Yes	No
1 a 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 Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?		X
If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		
c Did the foundation file <b>Form 1120-POL</b> for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ 0. (2) On foundation managers <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If 'Yes,' attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If 'Yes,' attach a conformed copy of the changes		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If 'Yes,' has it filed a tax return on <b>Form 990-T</b> for this year?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If 'Yes,' attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If 'Yes,' complete Part II, column (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) NJ		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If 'No,' attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If 'Yes,' complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses		X

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**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 <u>N/A</u>	13	X	
14	The books are in care of <u>VERNON W. HILL, II</u> Telephone no <u></u> Located at <u>262 EAST MAIN ST MOORESTOWN NJ</u> ZIP + 4 <u>08057</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>	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?	16	Yes	No
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country <u></u>			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
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? <b>Exception.</b> 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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here <u></u>	1b	N/A
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)).		
a At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? If 'Yes,' list the years <u>20__ , 20__ , 20__ , 20__</u>	<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 the instructions.)	2b	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 <u>20__ , 20__ , 20__ , 20__</u>		
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 )	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	X

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**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)?

5b N/A

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**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

6b X

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 (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
VERNON W. HILL, II 262 EAST MAIN STREET MOORESTOWN, NJ 08057	PRESIDENT 1	0.	0.	0.
SHIRLEY HILL 262 EAST MAIN STREET MOORESTOWN, NJ 08057	TREAS/SECRET 1	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				

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 (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		

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 (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
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	14,609,870.
b Average of monthly cash balances	1b	669,489.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	15,279,359.
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	15,279,359.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	229,190.
5 Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	15,050,169.
6 Minimum investment return Enter 5% of line 5	6	752,508.

**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	752,508.
2a Tax on investment income for 2010 from Part VI, line 5	2a	3,405.	
b Income tax for 2010 (This does not include the tax from Part VI)	2b		
c Add lines 2a and 2b	2c		3,405.
3 Distributable amount before adjustments Subtract line 2c from line 1	3		749,103.
4 Recoveries of amounts treated as qualifying distributions	4		
5 Add lines 3 and 4	5		749,103.
6 Deduction from distributable amount (see instructions)	6		
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7		749,103.

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

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc.— total from Part I, column (d), line 26	1a	3,970,460.
b Program-related investments— total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	3,970,460.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	3,405.
6 Adjusted qualifying distributions Subtract line 5 from line 4	6	3,967,055.

**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.

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**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				749,103.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years 20____, 20____, 20____		0.		
3 Excess distributions carryover, if any, to 2010				
a From 2005				
b From 2006				
c From 2007	560,067.			
d From 2008	750,906.			
e From 2009				
f Total of lines 3a through e	1,310,973.			
4 Qualifying distributions for 2010 from Part XII, line 4. ▶ \$ 3,970,460.				
a Applied to 2009, but not more than line 2a			0.	
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				749,103.
e Remaining amount distributed out of corpus	3,221,357.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a) )	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	4,532,330.			
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 instructions			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	4,532,330.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007	560,067.			
c Excess from 2008	750,906.			
d Excess from 2009				
e Excess from 2010	3,221,357.			

BAA

Form 990-PF (2010)

N/A

- (4) Gross investment income

[illegible]

## Form 990-PF (2010)

**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> SEE STATEMENT 7				
<b>Total</b>				<b>3a</b> 3,936,000.
<i>b Approved for future payment</i>				
<b>Total</b>				<b>3b</b>

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
		(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	5,179.	
4	Dividends and interest from securities			14	335,321.	
5	Net rental income or (loss) from real estate					
a	Debt-financed property					
b	Not debt-financed property					
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory			1	-86,518.	
9	Net income or (loss) from special events					
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)				253,982.	
13	Total. Add line 12, columns (b), (d), and (e)					253,982.

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

[illegible]



**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 **THE HILL FAMILY FOUNDATION, INC.**  
**C/O VERNON W. HILL II**

Employer identification number  
**22-3714460**

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 ☒ \$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 *arexclusively* 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, 990-EZ, or 990-PF.**

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

Name of organization

Employer identification number

THE HILL FAMILY FOUNDATION, INC.

22-3714460

**Part I** Contributors (see instructions)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	VERNON W. HILL, II 262 EAST MAIN STREET MOORESTOWN NJ 08057,	\$ 841,895.	Person <input checked="" 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.)
		\$	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

THE HILL FAMILY FOUNDATION, INC.

Employer identification number

22-3714460

**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
	N/A		
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	

BAA

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

Employer identification number

22-3714460

For organizations completing Part III, enter total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year (Enter this information once See instructions )

► \$ N/A

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

2010

## FEDERAL STATEMENTS

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CLIENT 09270

THE HILL FAMILY FOUNDATION, INC.  
C/O VERNON W. HILL II

22-3714460

1/23/12

11 34AM

STATEMENT 1  
FORM 990-PF, PART I, LINE 16A  
LEGAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	\$ 11,600.			\$ 11,600.
TOTAL	\$ 11,600.	\$ 0.	\$ 0.	\$ 11,600.

STATEMENT 2  
FORM 990-PF, PART I, LINE 18  
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL	\$ 22,807.			\$ 22,807.
TOTAL	\$ 22,807.	\$ 0.	\$ 0.	\$ 22,807.

STATEMENT 3  
FORM 990-PF, PART I, LINE 23  
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BROKER FEES	\$ 53.			\$ 53.
TOTAL	\$ 53.	\$ 0.	\$ 0.	\$ 53.

STATEMENT 4  
FORM 990-PF, PART II, LINE 10B  
INVESTMENTS - CORPORATE STOCKS

CORPORATE STOCKS	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
PIMCO TOTAL RETURN FUND	COST	\$ 0.	\$ 0.
LOOMIS SAYLES STRATEGIC	COST	0.	0.
PUTNAM DIVERSIFIED	COST	0.	0.
REPUBLIC FIRST BANCORP PA	COST	2,058,000.	1,594,950.
425,333 SHS METRO UK STOCK	COST	5,100,296.	5,964,287.
	TOTAL	\$ 7,158,296.	\$ 7,559,237.

2010

## FEDERAL STATEMENTS

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CLIENT 09270

THE HILL FAMILY FOUNDATION, INC.  
C/O VERNON W. HILL II

22-3714460

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11.34AM

STATEMENT 5  
FORM 990-PF, PART II, LINE 13  
INVESTMENTS - OTHER

	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE-
<u>OTHER INVESTMENTS</u>			
2755.763 SHS HILL-TOWNSEND OFFSHORE FUND	COST	\$ 3,060,022.	\$ 2,587,904.
	TOTAL	<u>\$ 3,060,022.</u>	<u>\$ 2,587,904.</u>

STATEMENT 6  
FORM 990-PF, PART IV, LINE 1  
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

ITEM	(A) DESCRIPTION	(B) HOW ACQUIRED	(C) DATE ACQUIRED	(D) DATE SOLD
1	38610 LOOMIS SAYLES STRATEGIC	PURCHASED	7/22/2010	7/25/2011
2	.0390 LOOMIS SAYLES STRATEGIC	PURCHASED	7/26/2011	8/23/2011
3	LOOMIS SAYLES STRATEGIC	PURCHASED	7/26/2011	8/23/2011
4	985.900 HILL TOWNSEND OFFSHORE FUND	PURCHASED	5/05/2008	9/01/2011
5	147.262 PIMCO TOTAL RETURN	PURCHASED	8/31/2011	9/08/2011
6	.284 PUTNAM DIVERSIFIED	PURCHASED	7/20/2011	8/23/2011
7	41436.106 PUTNAM DIVERSIFIED	PURCHASED	VARIOUS	9/08/2011
8	54074.36 DOUBLELINE TOTAL RETURN	PURCHASED	8/03/2011	9/08/2011
9	31969.3090 OSTERWEIS STRAT INCOME	PURCHASED	8/03/2011	9/08/2011
10	10753.238 TMPLTN GLBL BD FD ADV	PURCHASED	8/03/2011	9/08/2011
11	5169 PUTNAM DIVERSIFIED	PURCHASED	VARIOUS	9/08/2011
12	365 PUTNAM DIVERSIFIED	PURCHASED	7/20/2011	9/08/2011
13	2096 LOOMIS SAYLES STRATEGIC	PURCHASED	7/27/2010	8/03/2011
14	2128 LOOMIS SAYLES STRATEGIC	PURCHASED	VARIOUS	8/03/2011
15	22219 PIMCO TOTAL RETURN	PURCHASED	VARIOUS	8/03/2011
16	50999 PIMCO TOTAL RETURN	PURCHASED	7/22/2010	8/03/2011
17	23 PIMCO TOTAL RETURN	PURCHASED	7/30/2010	8/03/2011
18	31915 PUTNAM DIVERSIFIED	PURCHASED	7/22/2010	8/03/2011

ITEM	(E) GROSS SALES	(F) DEPREC. ALLOWED	(G) COST BASIS	(H) GAIN (LOSS)	(I) FMV 12/31/69	(J) ADJ. BAS. 12/31/69	(K) EXCESS (I) - (J)	(L) GAIN (LOSS)
1	599,999.		551,351.	48,648.				\$ 48,648.
2	2.		2.	0.				0.
3	4.		4.	0.				0.
4	1000000.		1094751.	-94,751.				-94,751.
5	1,624.		1,635.	-11.				-11.
6	2.		2.	0.				0.
7	315,329.		329,484.	-14,155.				-14,155.
8	608,337.		604,018.	4,319.				4,319.
9	369,565.		375,000.	-5,435.				-5,435.
10	148,313.		150,569.	-2,256.				-2,256.
11	39,336.		41,906.	-2,570.				-2,570.
12	2,778.		2,905.	-127.				-127.
13	32,404.		29,933.	2,471.				2,471.
14	32,896.		31,766.	1,130.				1,130.
15	244,563.		252,627.	-8,064.				-8,064.
16	561,344.		578,329.	-16,985.				-16,985.
17	253.		262.	-9.				-9.
18	255,000.		253,723.	1,277.				1,277.
							TOTAL	<u>\$ -86,518.</u>

2010

## FEDERAL STATEMENTS

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CLIENT 09270

THE HILL FAMILY FOUNDATION, INC.  
C/O VERNON W. HILL II

22-3714460

1/23/12

11 34AM

STATEMENT 7  
FORM 990-PF, PART XV, LINE 3A  
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
UNIVERSITY OF PENNSYLVANIA 3451 WALNUT STREET PHILADELPHIA, PA 19104	N/A	N/A	\$305,000 WAS DONATED FOR THE ANIMAL HOLDING RENOVATION, \$625, 000 FOR THE STUDENT SURGERY RENOVATION AND \$1,570,000 FOR VETERINARY TEACHING AND RESEARCH BUILDING.	\$ 2,500,000.
UNIVERSITY OF PENNSYLVANIA 3451 WALNUT STREET PHILADELPHIA, PA 19104	N/A	N/A	\$625,000.00 FOR STUDENT SURGERY RENOVATION AND \$375,000.00 FOR ANIMAL HOLDING RENOVATION.	1,000,000.
UNIVERSITY OF PENNSYLVANIA 433 FRANKLIN BUILDING PHILADELPHIA, PA 19104	N/A	N/A	PENN VET WORLD AWARDS	335,000.
THE RONALD REAGAN PRESIDENTIAL FOUNDATIO 40 PRESIDENTIAL DRIVE SIMI VALLEY, CA 93065	N/A			100,000.
DAVID'S HOUSE 461 MT. SUPPORT ROAD LEBANON, NH 03766	N/A		GENERAL PURPOSES	1,000.
TOTAL				\$ 3,936,000.