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Form **990-PF**

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

OMB No 1545-0052

2010Department 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 **12/01/10**, and ending **11/30/11**

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

NALLEY CHARITABLE TRUST

Number and street (or P O box number if mail is not delivered to street address)

PO BOX 1929

Room/suite

City or town, state, and ZIP code

EASLEY**SC 29641**

H Check type of organization ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col (c), line 16) **\$ 1,937,139**
 J Accounting method ☒ Cash ☐ Accrual
☐ Other (specify)

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

A Employer identification number

57-0727567

B Telephone number (see page 10 of the instructions)

864-859-6321C If exemption application is pending, check here ☐D 1. Foreign organizations, check here ☐2. Foreign organizations meeting the 85% test, check here and attach computation ☐E If private foundation status was terminated under section 507(b)(1)(A), check here ☐F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	50,405	50,405	50,405	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-513			
	b Gross sales price for all assets on line 6a	39,980			
	7 Capital gain net income (from Part IV, line 2)		0		
	8 Net short-term capital gain			0	
	9 Income modifications				
	10a Gross sales less returns & allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule) STMT 1	250		250		
12 Total. Add lines 1 through 11	50,142	50,405	50,655		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0			
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule) STMT 2	832	832		
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions) STMT 3	7,244	2,251		
	19 Depreciation (attach schedule) and depletion STMT 4	369			
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (att sch) STMT 5	45	45		
	24 Total operating and administrative expenses. Add lines 13 through 23	8,490	3,128	0	0
	25 Contributions, gifts, grants paid	66,285			66,285
26 Total expenses and disbursements. Add lines 24 and 25	74,775	3,128	0	66,285	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-24,633				
b Net investment income (if negative, enter -0-)		47,277			
c Adjusted net income (if negative, enter -0-)			50,655		

For Paperwork Reduction Act Notice, see page 30 of the instructions.

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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			7,821	14,613	14,615
	2 Savings and temporary cash investments					
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶					
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶					
	5 Grants receivable					
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)					
	7 Other notes and loans receivable (att schedule) ▶ Less allowance for doubtful accounts ▶	0				
	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) SEE STMT 6			1,096,164	1,065,109	1,610,124
	c Investments—corporate bonds (attach schedule)					
	11 Investments—land, buildings, and equipment basis ▶ 39,000 Less accumulated depreciation (attach sch) ▶ STMT 7			39,000	39,000	150,000
	12 Investments—mortgage loans					
	13 Investments—other (attach schedule)					
	14 Land, buildings, and equipment basis ▶ 15,938 Less accumulated depreciation (attach sch) ▶ STMT 8 1,461			14,847	14,477	162,400
	15 Other assets (describe ▶)					
	16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)			1,157,832	1,133,199	1,937,139
Liabilities	17 Accounts payable and accrued expenses					
	18 Grants payable					
	19 Deferred revenue					
	20 Loans from officers, directors, trustees, and other disqualified persons					
	21 Mortgages and other notes payable (attach schedule)					
	22 Other liabilities (describe ▶)					
	23 Total liabilities (add lines 17 through 22)			0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.					
	24 Unrestricted					
	25 Temporarily restricted					
	26 Permanently restricted					
	Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.					
	27 Capital stock, trust principal, or current funds					
	28 Paid-in or capital surplus, or land, bldg, and equipment fund					
	29 Retained earnings, accumulated income, endowment, or other funds			1,157,832	1,133,199	
	30 Total net assets or fund balances (see page 17 of the instructions)			1,157,832	1,133,199	
	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)			1,157,832	1,133,199	

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	1,157,832
2 Enter amount from Part I, line 27a	2	-24,633
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	1,133,199
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	1,133,199

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NALLEY CHARITABLE TRUST

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Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a VANGUARD ST INVESTMENT	P	11/08/10	12/29/10
b VANGUARD ST INVESTMENT	P	11/08/10	01/18/11
c VANGUARD ST INVESTMENT	P	11/08/10	03/30/11
d VANGUARD ST INVESTMENT	P	11/08/10	05/18/11
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 19,995		20,244	-249
b 9,995		10,113	-118
c 4,995		5,080	-85
d 4,995		5,056	-61
e			

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

(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			-249
b			-118
c			-85
d			-61
e			

2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	-513
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 pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8	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 page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2009	107,482	1,700,520	0.063205
2008	68,209	1,545,295	0.044140
2007	75,429	1,609,295	0.046871
2006	90,792	1,875,661	0.048405
2005	115,985	2,014,837	0.057565

2 Total of line 1, column (d)	2	0.260186
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	0.052037
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	1,843,079
5 Multiply line 4 by line 3	5	95,908
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	473
7 Add lines 5 and 6	7	96,381
8 Enter qualifying distributions from Part XII, line 4	8	66,285

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1 Date of ruling or determination letter (attach copy of letter if necessary—see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		1	946
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0
3 Add lines 1 and 2		3	946
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	946
6 Credits/Payments			
a 2010 estimated tax payments and 2009 overpayment credited to 2010	6a	1,120	
b Exempt foreign organizations—tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	1,120	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	174	
11 Enter the amount of line 10 to be Credited to 2011 estimated tax 174 Refunded	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
c Did the foundation file Form 1120-POL 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 \$ (2) On foundation managers \$		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$		
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
4a 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 Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		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, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) SC		
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 on page 27)? 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

Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11		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 ► N/A	13	X	

14 The books are in care of ► **GEORGE B NALLEY JR** Telephone no ► **864-859-6321**
P O BOX 1959

Located at ► **EASLEY** SC ZIP+4 ► **29641**

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year
 ► **15** ► ☐

16 At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ►	16	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
1a During the year did the foundation (either directly or indirectly) (1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No (4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No (5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No (6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☒ No			
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here N/A	1b		
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010? N/A	1c		
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)) a At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? If "Yes," list the years ► 20 , 20 , 20 , 20 ☐ Yes ☒ 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 page 22 of the instructions) N/A c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20 , 20 , 20 , 20	2b		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010) N/A	3b		
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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NALLEY CHARITABLE TRUST**57-0727567**Page **6****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 page 22 of the 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 page 22 of the instructions)?**N/A****5b**

Organizations relying on a current notice regarding disaster assistance check here

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

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?☐ Yes ☒ No**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 page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
GEORGE B NALLEY JR P O BOX 1929	EASLEY SC 29641	CHAIRMAN 2.00	0	0

2 Compensation of five highest-paid employees (other than those included on line 1 — see page 23 of the instructions). If none, enter "NONE."

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

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

▶

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NALLEY CHARITABLE TRUST**57-0727567**Page **7****Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)****3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."**

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

Total number of others receiving over \$50,000 for professional services ▶**Part IX-A Summary of Direct Charitable Activities**

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

	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

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

	Amount
1 N/A	
2	
All other program-related investments. See page 24 of the instructions.	
3	
Total. Add lines 1 through 3 ▶	

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Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	1,547,528
b	Average of monthly cash balances	1b	11,218
c	Fair market value of all other assets (see page 25 of the instructions)	1c	312,400
d	Total (add lines 1a, b, and c)	1d	1,871,146
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	1,871,146
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	28,067
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,843,079
6	Minimum investment return. Enter 5% of line 5	6	92,154

Part XI Distributable Amount (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	92,154
2a	Tax on investment income for 2010 from Part VI, line 5	2a	946
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	946
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	91,208
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	91,208
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	91,208

Part XII Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	66,285
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	66,285
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	66,285

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

Part XIII Undistributed Income (see page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				91,208
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2010				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				8,349
f Total of lines 3a through e	8,349			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 66,285				
a Applied to 2009, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2010 distributable amount				66,285
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))	8,349			8,349
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions				
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions				
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				16,574
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

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

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

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 28 of the instructions.)

1 Information Regarding Foundation Managers:	
a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))	N/A
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	N/A
2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:	
Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.	
a The name, address, and telephone number of the person to whom applications should be addressed	N/A
b The form in which applications should be submitted and information and materials they should include	N/A
c Any submission deadlines	N/A
d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors	N/A

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year SEE STATEMENT 9				66,285
Total			▶ 3a	66,285
b Approved for future payment N/A				
Total			▶ 3b	

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
MISCELLANEOUS INCOME	\$ 250	\$	\$ 250
TOTAL	\$ 250	\$ 0	\$ 250

Statement 2 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
PROFESSIONAL FEES	\$ 832	\$ 832	\$	\$
TOTAL	\$ 832	\$ 832	\$ 0	\$ 0

Statement 3 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
REAL ESTATE TAXES	\$ 4,993	\$	\$	\$
FEDERAL INCOME TAXES PAID	2,251	2,251		
TOTAL	\$ 7,244	\$ 2,251	\$ 0	\$ 0

Federal Statements

Statement 4 - Form 990-PF, Part I, Line 19 - Depreciation

Description		Cost Basis	Prior Year Depreciation	Method	Life	Current Year Depreciation	Net Investment Income	Adjusted Net Income
Date Acquired								
BUILDING-HAMLET NC								
12/27/07	\$	14,389	\$	1,091	S/L	39 \$	369 \$	\$
LAND-HAMLET NC								
12/27/07		1,549			0			
TOTAL	\$	15,938	\$	1,091		\$	369 \$	0 \$

Statement 5 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
EXPENSES				
OFFICE EXPENSE	45		45	
TOTAL	\$ 45	\$ 45	\$ 0	\$ 0

TN003 NALLEY CHARITABLE TRUST

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Statement 6 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
28184.8 SHS VANGUARD ST INVEST-GRADE	\$ 327,505	\$ 296,809	COST	\$ 289,268
16822 SHS LEXINGTON REALTY TRUST	132,305	132,305	MARKET	127,511
1725 SHS EXXON MOBILE CORP	104,372	104,372	COST	138,759
3500 SHS LOWES COMPANY INC	79,625	79,625	MARKET	84,035
920 SHS WAL-MART STORES, INC	50,499	50,499	COST	54,188
1060 SHS PROGRESS ENERGY INC	44,594	44,594	COST	57,643
1540 SHS PIEDMONT NATURAL GAS	42,666	42,666	COST	50,774
485 SHS CHEVRON CORP	37,779	37,779	COST	49,868
1200 SHS AT&T CORP	31,718	31,718	COST	34,776
29416 SHS PEOPLES NATIONAL BANK	29,945	29,945	COST	33,828
2000 SHS H J HEINZ	27,747	27,746	COST	105,300
435 SHS JOHNSON & JOHNSON	26,304	26,304	COST	28,153
1324 SHS WELLS FARGO	25,116	25,116	COST	34,239
495 SHS ABBOTT LABS	24,878	24,878	COST	27,002
620 SHS PLUM CREEK TIMBER C	22,031	22,031	COST	22,841
1225 SHS ISHARES SILVER TRUST	22,026	22,026	COST	39,200
183 SHS SPDR GOLD TRUST ETF	21,902	21,902	COST	31,134
100 SHS 3M CO	8,552	8,552	COST	8,104
100 SHS MCDONALDS CORP	6,897	6,897	COST	9,552
100 SHS PEPSICO	6,633	6,633	COST	6,400
100 SHS KIMBERLY CLARK CORP	6,357	6,357	COST	7,147
100 SHS ENERGY TRANSFER PARTN	4,561	4,203	COST	4,376
3500 SHS B B & T	4,553	4,553	COST	81,095
1600 SHS CVS	3,621	3,621	COST	62,144
1564 SHS FAMILY DOLLAR STORE	2,547	2,547	COST	92,933
1380 SHS LOWES COMPANY INC	1,431	1,431	COST	33,134
806 SHS PRUDENTIAL FINANCIAL INC			COST	40,816
4051 SHS STEEL PARTNERS HOLDING			COST	55,904
TOTAL	\$ 1,096,164	\$ 1,065,109		\$ 1,610,124

Federal Statements**Statement 7 - Form 990-PF, Part II, Line 11 - Land, Building, and Equipment Investments**

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
LAND - CLEMSON	\$ 39,000	\$ 39,000	\$	\$ 150,000
TOTAL	\$ 39,000	\$ 39,000	\$ 0	\$ 150,000

Statement 8 - Form 990-PF, Part II, Line 14 - Land, Building, and Equipment

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
LAND & BUILDING--HAMLET NC	\$ 14,847	\$ 14,389	\$ 1,461	\$ 162,400
ACCUMULATED DEPRECIATION				
ACCUM DEPRECIATION				
TOTAL	\$ 14,847	\$ 14,389	\$ 1,461	\$ 162,400

Federal Statements

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Statement 9 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year

Name	Address	Relationship	Status	Purpose	Amount
EASLEY PRESBYTERIAN CHURC	200 SOUTH 1ST STREET			OPERATIONS	18,000
EASLEY SC 29641		COLLEGE AVE		SCHOLARSHIPS	10,000
CLEMSON UNIVERSITY				CHARITABLE FAITH OPERATIONS	1,000
CLEMSON SC 29631		100 EXECUTIVE CENTER DR		CHARITABLE	500
FELLOWSHIP OF CHRISTIAN A		P.O. BOX 1929		SCHOLARSHIPS	10,000
COLUMBIA SC 29210		COLLEGE AVE		FOUNDATION OPERATIONS	9,975
OLEN & JOYCH SMITH		1 PARK PLAZA		BOY SCOUTS OF AMERICA	1,500
EASLEY SC 29641		118 LEGION STREET		CHARITABLE OPERATIONS	350
IPTAY		PO BOX 7086		CAMP FOR BLIND	200
CLEMSON SC 29631		25 WOODS LAKE ROAD		FAITH OPERATIONS	500
BAPTIST EASLEY FOUNDATION	200 FLEETWOOD DR			OPERATIONS	1,000
EASLEY SC 29640		3620 COVENANT ROAD		CHARITABLE	1,000
BLUE RIDGE COUNCIL		PO BOX 1989		CHARITABLE FAITH OPERATIONS	360
GREENVILLE SC 29607				OPERATIONS	200
AM LEGION BASEBALL		3570 WARRENSVILLE CTR RD		OPERATIONS	2,000
EASLEY SC 29642		501 S PENDLETON ST		OPERATIONS	750
ROCKY BOTTOM CAMP		200 S 1ST STREET		CHARITABLE	2,500
EASLEY SC 29641		191 PEACHTREE ST, NE		CHARITABLE	50
ZOE MINISTRY		734 W MAIN ST			
GREENVILLE SC 29607					
THE THERAPY PLACE, INC					
COLUMBIA SC 29204					
PEOPLES NATIONAL BANK					
EASLEY SC 29641					
JEWISH FAMILY EXPERIENCE					
SHAKER HEIGHTS OH 44122					
EASLEY HIGH SCHOOL					
EASLEY SC 29640					
PRESBYTERIAN STUDENT ASSO					
EASLEY SC 29640					
SOC OF INTERNATIONAL BUS					
ATLANTA GA 30303					
BLUE RIDGE FEST					
PICKENS SC 29671					
G W BUSH PRESIDENTIAL CTR					
DALLAS TX 75360					

Federal Statements

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Statement 9 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year (continued)

Name	Address	Relationship	Status	Purpose	Amount
GLENVILLE VOL FIRE DEPT	PO BOX 886				
CASHIERS NC 28717-0886				OPERATIONS	50
MARY'S CLOSET	716 S PENDELTON ST			OPERATIONS	500
EASLEY SC 29640	PO BOX 1028			CHARITABLE	200
EASLEY ROTARY CLUB				OPERATIONS	100
EASLEY SC 29641	613 TREADSTONE WAY			SCHOLARSHIPS	2,000
NATIONAL MS SOCIETY	GREENVILLE SC 29615-4989			CHARITABLE FAITH OPERATIONS	50
MARS HILL COLLEGE	PO BOX 370			OPERATIONS	150
MARS HILL NC 28754	101 W COURT ST			CHARITABLE FAITH OPERATIONS	150
J WESLEY METHODIST CH	GREENVILLE SC 29601			CHARITABLE	200
PALMETTO BAPT EASLEY FD	PO BOX 1988			CHARITABLE	
EASLEY SC 29641-1988	217 OLD LIBERTY PICKENS R			CHARITABLE	3,000
ZION METHODIST CHURCH	PICKENS SC 29671				
AMERICAN LEGION	727 GAINES ST				66,285
CENTRAL SC 29630					
PICKENS COUNTY UNITED WAY	201 S 5TH ST				
EASLEY SC 29641					
TOTAL					

Form **4562**
Department of the Treasury
Internal Revenue Service**Depreciation and Amortization**
(Including Information on Listed Property)

OMB No. 1545-0172

2010Attachment
Sequence No **67**

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return

NALLEY CHARITABLE TRUST

Identifying number

57-0727567

Business or activity to which this form relates

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

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

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions)**

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

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17	369
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ☐		

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

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

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

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

Part IV Summary (See instructions.)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	369
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2010)

DAA

THERE ARE NO AMOUNTS FOR PAGE 2