

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

2016

Department of the Treasury
Internal Revenue Service

▶ **Do not enter social security numbers on this form as it may be made public.**
▶ Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

Open to Public Inspection

For calendar year 2016 or tax year beginning , 2016, and ending

MCGRAW FOUNDATION
653 LANDWEHR ROAD
NORTHBROOK, IL 60062

A	Employer identification number 36-2490000
B	Telephone number (see instructions) 847-291-9810
C	If exemption application is pending, check here. ▶ <input type="checkbox"/>
D	1 Foreign organizations, check here. ▶ <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation ▶ <input type="checkbox"/>
E	If private foundation status was terminated under section 507(b)(1)(A), check here. ▶ <input type="checkbox"/>
F	If the foundation is in a 60-month termination under section 507(b)(1)(B), check here. ▶ <input type="checkbox"/>

G Check all that apply:

<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change

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)
▶ \$ 7,498,501.

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 instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
R E V E N U E	1 Contributions, gifts, grants, etc., received (attach schedule) . . .	12,500.			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments.	126.	126.		
	4 Dividends and interest from securities	147,220.	147,220.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10.	225,907.			
	b Gross sales price for all assets on line 6a 934,595.				
	7 Capital gain net income (from Part IV, line 2)		225,907.		
	8 Net short-term capital gain.			0.	
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold.					
c Gross profit or (loss) (attach schedule).					
11 Other income (attach schedule).					
SEE STATEMENT 1	14,005.	14,005.			
12 Total. Add lines 1 through 11.	399,758.	387,258.	0.		
A D M I N I S T R A T I V E O P E R A T I N G A N D E X P E N S E S	13 Compensation of officers, directors, trustees, etc.	171,813.	42,953.		128,860.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule) SEE ST. 2	4,200.	1,050.		3,150.
	b Accounting fees (attach sch)				
	c Other professional fees (attach sch) SEE ST. 3	42,605.	42,605.		
	17 Interest				
	18 Taxes (attach schedule)(see instrs) SEE STM 4	19,569.	3,187.		9,560.
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy	17,747.	4,437.		13,310.
	21 Travel, conferences, and meetings	1,775.	444.		1,331.
	22 Printing and publications.				
	23 Other expenses (attach schedule)				
	SEE STATEMENT 5	18,421.	4,673.		13,748.
	24 Total operating and administrative expenses. Add lines 13 through 23.	276,130.	99,349.		169,959.
25 Contributions, gifts, grants paid PART XV.	843,350.			843,350.	
26 Total expenses and disbursements. Add lines 24 and 25	1,119,480.	99,349.	0.	1,013,309.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-719,722.				
b Net investment income (if negative, enter -0-).		287,909.			
c Adjusted net income (if negative, enter -0-).			0.		

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
A S S E T S	1 Cash – non-interest-bearing	64,453.	50,709.	50,709.
	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 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)	319,390.	283,678.	283,678.
	b Investments – corporate stock (attach schedule)	5,453,824.	5,602,767.	5,602,767.
	c Investments – corporate bonds (attach schedule)	1,008,899.	847,483.	847,483.
	11 Investments – land, buildings, and equipment: basis			
Less: accumulated depreciation (attach schedule)				
12 Investments – mortgage loans				
13 Investments – other (attach schedule)	997,212.	448,653.	448,653.	
14 Land, buildings, and equipment: basis ▶	14,260.			
Less: accumulated depreciation (attach schedule)	SEE STMT 6 ▶ 14,260.			
15 Other assets (describe ▶ SEE STATEMENT 7)	235,970.	265,211.	265,211.	
16 Total assets (to be completed by all filers – see the instructions. Also, see page 1, item I)	8,079,748.	7,498,501.	7,498,501.	
L I A B I L I T I E S	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.	
N E T A S S E T S O R F U N D A S S E T B A L A N C E S	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/>			
	24 Unrestricted	8,079,748.	7,498,501.	
	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, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds				
30 Total net assets or fund balances (see instructions)	8,079,748.	7,498,501.		
31 Total liabilities and net assets/fund balances (see instructions)	8,079,748.	7,498,501.		

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	8,079,748.
2 Enter amount from Part I, line 27a.	2	-719,722.
3 Other increases not included in line 2 (itemize)	3	SEE STATEMENT 8 138,475.
4 Add lines 1, 2, and 3.	4	7,498,501.
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	7,498,501.

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 (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1 a S-T US TRUST - SEE ATTACHED	P	VARIOUS	VARIOUS
b L-T US TRUST - SEE ATTACHED	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 45,456.		45,558.	-102.
b 889,139.		663,130.	226,009.
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			-102.
b			226,009.
c			
d			
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	225,907.
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 instructions). If (loss), enter -0- in Part I, line 8	3	-102.

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.

(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))
2015	1,020,002.	8,382,399.	0.121684
2014	940,750.	8,960,840.	0.104985
2013	830,921.	8,840,664.	0.093989
2012	1,041,106.	8,997,813.	0.115707
2011	1,054,442.	9,463,187.	0.111426

2 Total of line 1, column (d)	2	0.547791
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	0.109558
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5.	4	7,579,580.
5 Multiply line 4 by line 3.	5	830,404.
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	2,879.
7 Add lines 5 and 6.	7	833,283.
8 Enter qualifying distributions from Part XII, line 4.	8	1,013,309.

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

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

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 instructions)		
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	2,879.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0.
3 Add lines 1 and 2	3	2,879.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	2,879.
6 Credits/Payments:		
a 2016 estimated tax pmts and 2015 overpayment credited to 2016	6 a	7,200.
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	7,200.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	4,321.
11 Enter the amount of line 10 to be: Credited to 2017 estimated tax 4,321. Refunded	11	0.

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 Instructions for the definition)?		X
<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>		
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. . . . ▶ \$ 0. (2) On foundation managers. . . . ▶ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. . . . ▶ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities.</i>		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? <i>If 'Yes,' attach a conformed copy of the changes.</i>		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 Form 990-T for this year?		N/A
5 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
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? <i>If 'Yes,' complete Part II, col. (c), and Part XV.</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions). N/A		
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	
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 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV.</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses.</i>		X

BAA

Form 990-PF (2016)

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	Yes	No X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? ... Website address: ▶ <u>MAXMCGRAWFOUNDATION.ORG</u>	13	X	
14	The books are in care of ▶ <u>GORDON LABOUNTY</u> Telephone no. ▶ <u>847-291-9810</u> Located at ▶ <u>653 LANDWEHR ROAD NORTHBROOK IL</u> ZIP + 4 ▶ <u>60062</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 — Check here N/A. ▶ <input type="checkbox"/> 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 2016, 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 X
See the instructions for exceptions and filing requirements for FinCEN Form 114. If 'Yes,' enter the name of the foreign country ▶				

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

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

		Yes	No
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		
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 instructions)?	1 b	N/A
	Organizations relying on a current notice regarding disaster assistance check here: ▶ <input type="checkbox"/>		
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2016?	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 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016? <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 instructions.)	2 b	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 __		
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 2016 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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2016.</i>)	3 b	N/A
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 2016?	4 b	X

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

5 a 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 4945(d)(4)(A)? (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)? **5 b** 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).

6 a 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? **6 b** X
If 'Yes' to 6b, file Form 8870.

7 a 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? **7 b** N/A

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
SEE ATTACHED SCHEDULE	0	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
SEE ATTACHED	0	0.	0.	0.

Total number of other employees paid over \$50,000 **0**

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.

BAA

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	1 a	7,149,893.
b Average of monthly cash balances	1 b	545,112.
c Fair market value of all other assets (see instructions)	1 c	
d Total (add lines 1a, b, and c)	1 d	7,695,005.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	0.
2 Acquisition indebtedness applicable to line 1 assets	2	0.
3 Subtract line 2 from line 1d	3	7,695,005.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	115,425.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	7,579,580.
6 Minimum investment return. Enter 5% of line 5	6	378,979.

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	378,979.
2 a Tax on investment income for 2016 from Part VI, line 5	2 a	2,879.
b Income tax for 2016. (This does not include the tax from Part VI.)	2 b	
c Add lines 2a and 2b	2 c	2,879.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	376,100.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	376,100.
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	376,100.

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	1 a	1,013,309.
b Program-related investments — total from Part IX-B	1 b	
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)	3 a	
b Cash distribution test (attach the required schedule)	3 b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,013,309.
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	2,879.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,010,430.

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 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				376,100.
2 Undistributed income, if any, as of the end of 2016:				
a Enter amount for 2015 only			0.	
b Total for prior years: 20 __, 20 __, 20 __		0.		
3 Excess distributions carryover, if any, to 2016:				
a From 2011	586,437.			
b From 2012	601,711.			
c From 2013	401,147.			
d From 2014	502,874.			
e From 2015	614,526.			
f Total of lines 3a through e	2,706,695.			
4 Qualifying distributions for 2016 from Part XII, line 4: ▶ \$ 1,013,309.				
a Applied to 2015, 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 2016 distributable amount				376,100.
e Remaining amount distributed out of corpus	637,209.			
5 Excess distributions carryover applied to 2016	0.			0.
<i>(If an amount appears in column (d), the same amount must be shown in column (a).)</i>				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5.	3,343,904.			
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 2015. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2016. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2017				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required – see instructions)	0.			
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions) ..	586,437.			
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a	2,757,467.			
10 Analysis of line 9:				
a Excess from 2012	601,711.			
b Excess from 2013	401,147.			
c Excess from 2014	502,874.			
d Excess from 2015	614,526.			
e Excess from 2016	637,209.			

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 2016, 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)

	Tax year				(e) Total
	(a) 2016	(b) 2015	(c) 2014	(d) 2013	
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					
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 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).)
 NONE

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 or e-mail address of the person to whom applications should be addressed:
 SEE STATEMENT 9

b The form in which applications should be submitted and information and materials they should include:
 SEE STATEMENT FOR LINE 2A

c Any submission deadlines:
 SEE STATEMENT FOR LINE 2A

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
 SEE STATEMENT FOR LINE 2A

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
a <i>Paid during the year</i> SEE ATTACHED SCHEDULE				843,350.
Total ▶ 3 a				843,350.
b <i>Approved for future payment</i>				
Total ▶ 3 b				

CLIENT MCGRFO

MCGRAW FOUNDATION

36-2490000

5/23/17

09:55AM

STATEMENT 1
FORM 990-PF, PART I, LINE 11
OTHER INCOME

	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
LOWER WACKER SMALL CAP IN.....	\$ 14,005.	\$ 14,005.	
TOTAL	<u>\$ 14,005.</u>	<u>\$ 14,005.</u>	<u>\$ 0.</u>

STATEMENT 2
FORM 990-PF, PART I, LINE 16A
LEGAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
.....	\$ 4,200.	\$ 1,050.		\$ 3,150.
TOTAL	<u>\$ 4,200.</u>	<u>\$ 1,050.</u>	<u>\$ 0.</u>	<u>\$ 3,150.</u>

STATEMENT 3
FORM 990-PF, PART I, LINE 16C
OTHER PROFESSIONAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PROFESSIONAL FEES.....	\$ 42,605.	\$ 42,605.		
TOTAL	<u>\$ 42,605.</u>	<u>\$ 42,605.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

STATEMENT 4
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL.....	\$ 6,822.			
PAYROLL.....	12,747.	\$ 3,187.		\$ 9,560.
TOTAL	<u>\$ 19,569.</u>	<u>\$ 3,187.</u>	<u>\$ 0.</u>	<u>\$ 9,560.</u>

CLIENT MCGRFO

MCGRAW FOUNDATION

36-2490000

5/23/17

09:55AM

STATEMENT 5
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
DUES AND SUBSCRIPTIONS.....	\$ 775.	\$ 194.		\$ 581.
INSURANCE.....	3,129.	782.		2,347.
MISC. EXPENSE.....	90.	90.		
OFFICE SUPPLIES.....	10,755.	2,689.		8,066.
TELEPHONE.....	3,672.	918.		2,754.
TOTAL	<u>\$ 18,421.</u>	<u>\$ 4,673.</u>	<u>\$ 0.</u>	<u>\$ 13,748.</u>

STATEMENT 6
FORM 990-PF, PART II, LINE 14
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
MACHINERY AND EQUIPMENT	\$ 14,260.	\$ 14,260.	\$ 0.	\$ 0.
TOTAL	<u>\$ 14,260.</u>	<u>\$ 14,260.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

STATEMENT 7
FORM 990-PF, PART II, LINE 15
OTHER ASSETS

	BOOK VALUE	FAIR MARKET VALUE
INTEREST AND DIVIDENDS RECEIVABLE.....	\$ 17,377.	\$ 17,377.
LEASE DEPOSIT.....	1,024.	1,024.
LIMITED PARTNERSHIP INTEREST.....	237,366.	237,366.
PREPAID INSURANCE.....	2,244.	2,244.
PREPAID TAX.....	7,200.	7,200.
TOTAL	<u>\$ 265,211.</u>	<u>\$ 265,211.</u>

STATEMENT 8
FORM 990-PF, PART III, LINE 3
OTHER INCREASES

NET UNREALIZED GAINS OR LOSSES ON INVESTMENTS.....	\$ 138,475.
TOTAL	<u>\$ 138,475.</u>

CLIENT MCGRFO

MCGRAW FOUNDATION

36-2490000

5/23/17

09:55AM

**STATEMENT 9
FORM 990-PF, PART XV, LINE 2A-D
APPLICATION SUBMISSION INFORMATION**

NAME OF GRANT PROGRAM:

NAME: GORDON LABOUNTY
CARE OF: MCGRAW FOUNDATION

STREET ADDRESS:

CITY, STATE, ZIP CODE: NORTHBROOK, IL 60062

TELEPHONE: 847-291-9810

E-MAIL ADDRESS:

FORM AND CONTENT: APPLICABLE GUIDELINES ATTACHED

SUBMISSION DEADLINES: PREFERRABLY BETWEEN DECEMBER 1 AND FEBRUARY 1

RESTRICTIONS ON AWARDS: APPLICABLE GUIDELINES ATTACHED

PMT #	_____
AMT	_____
INIT	_____

ILLINOIS CHARITABLE ORGANIZATION ANNUAL REPORT
 Attorney General **LISA MADIGAN** State of Illinois
 Charitable Trust Bureau, 100 West Randolph
 11th Floor, Chicago, Illinois 60601

CO# 01002310

Report for the Fiscal Period:
 Beginning 1/01/16
 & Ending 12/31/16
MO DAY YR

Check all items attached:

<input checked="" type="checkbox"/>	Copy of IRS Return
<input checked="" type="checkbox"/>	Audited Financial Statements
<input type="checkbox"/>	Copy of Form IFC
<input checked="" type="checkbox"/>	\$15.00 Annual Report Filing Fee
<input type="checkbox"/>	\$100.00 Late Report Filing Fee

Make Checks Payable to the Illinois Charity Bureau Fund

Federal ID # 36-2490000

Are contributions to the organization tax deductible? Yes No

Date Organization was created: _____

LEGAL NAME MCGRAW FOUNDATION	Year-end amounts	
MAIL ADDRESS 653 LANDWEHR ROAD	A ASSETS	A \$ 7,498,501.
CITY, STATE NORTHBROOK, IL 60062	B LIABILITIES	B \$ 0.
	C NET ASSETS	C \$ 7,498,501.
I SUMMARY OF ALL REVENUE ITEMS DURING THE YEAR:	PERCENTAGE	AMOUNT
D PUBLIC SUPPORT, CONTRIBUTIONS AND PROGRAM SERVICE REVENUE (GROSS AMOUNTS)	%	D \$
E GOVERNMENT GRANTS AND MEMBERSHIP DUES	%	E \$
F OTHER REVENUES SEE STATEMENT 1	100.00 %	F \$ 399,758.
G TOTAL REVENUE, INCOME AND CONTRIBUTIONS RECEIVED (ADD D, E, AND F)	100 %	G \$ 399,758.
II SUMMARY OF ALL EXPENDITURES DURING THE YEAR:		
H OPERATING CHARITABLE PROGRAM EXPENSE	15.28 %	H \$ 169,959.
I EDUCATION PROGRAM SERVICE EXPENSE	%	I \$
J TOTAL CHARITABLE PROGRAM SERVICE EXPENSE (ADD H AND I)	15.28 %	J \$ 169,959.
J1 JOINT COSTS ALLOCATED TO PROGRAM SERVICES (INCLUDED IN J):		\$ _____
K GRANTS TO OTHER CHARITABLE ORGANIZATIONS	75.80 %	K \$ 843,350.
L TOTAL CHARITABLE PROGRAM SERVICE EXPENDITURE (ADD J AND K)	91.07 %	L \$ 1,013,309.
M MANAGEMENT AND GENERAL EXPENSE	8.93 %	M \$ 99,349.
N FUNDRAISING EXPENSE	%	N \$
O TOTAL EXPENDITURES THIS PERIOD (ADD L, M, AND N)	100 %	O \$ 1,112,658.
III SUMMARY OF ALL PAID FUNDRAISER AND CONSULTANT ACTIVITIES:		
<i>(Attach Attorney General Report of Individual Fundraising Campaign — Form IFC. One for each PFR.)</i>		
PROFESSIONAL FUNDRAISERS:		
P TOTAL AMOUNT RAISED BY PAID PROFESSIONAL FUNDRAISERS	100 %	P \$ 0.
Q TOTAL FUNDRAISERS FEES AND EXPENSES	%	Q \$ 0.
R NET RECEIVED BY THE CHARITY (P MINUS Q=R)	%	R \$ 0.
PROFESSIONAL FUNDRAISING CONSULTANTS:		
S TOTAL AMOUNT PAID TO PROFESSIONAL FUNDRAISING CONSULTANTS		S \$ 0.
IV COMPENSATION TO THE (3) HIGHEST PAID PERSONS DURING THE YEAR:		
T NAME, TITLE: JAMES F. QUILTER, DIRECTOR	T \$	64,575.
U NAME, TITLE: GORDON LABOUNTY, VICE PRESIDENT	U \$	60,000.
V NAME, TITLE: DIANE D. MILLER, ASST. SEC.	V \$	20,800.
V CHARITABLE PROGRAM DESCRIPTION: CHARITABLE PROGRAM (3 HIGHEST BY \$ EXPENDED) CODE CATEGORIES	See instructions for list CODE	
W DESCRIPTION: HIGHER EDUCATION	W #	603
X DESCRIPTION: SOCIAL SERVICES	X #	126
Y DESCRIPTION: ELEMENTARY AND HIGH SCHOOLS	Y #	002

IF THE ANSWER TO ANY OF THE FOLLOWING IS YES, ATTACH A DETAILED EXPLANATION:		YES	NO
1	WAS THE ORGANIZATION THE SUBJECT OF ANY COURT ACTION, FINE, PENALTY OR JUDGMENT?		X
2	HAS THE ORGANIZATION OR A CURRENT DIRECTOR, TRUSTEE, OFFICER OR EMPLOYEE THEREOF, EVER BEEN CONVICTED BY ANY COURT OF ANY MISDEMEANOR INVOLVING THE MISUSE OR MISAPPROPRIATION OF FUNDS OR ANY FELONY?		X
3	DID THE ORGANIZATION MAKE A GRANT AWARD OR CONTRIBUTION TO ANY ORGANIZATION IN WHICH ANY OF ITS OFFICERS, DIRECTORS OR TRUSTEES OWNS AN INTEREST; OR WAS IT A PARTY TO ANY TRANSACTION IN WHICH ANY OF ITS OFFICERS, DIRECTORS OR TRUSTEES HAS A MATERIAL FINANCIAL INTEREST; OR DID ANY OFFICER, DIRECTOR OR TRUSTEE RECEIVE ANYTHING OF VALUE NOT REPORTED AS COMPENSATION?		X
4	HAS THE ORGANIZATION INVESTED IN ANY CORPORATE STOCK IN WHICH ANY OFFICER, DIRECTOR OR TRUSTEE OWNS MORE THAN 10% OF THE OUTSTANDING SHARES?		X
5	IS ANY PROPERTY OF THE ORGANIZATION HELD IN THE NAME OF OR COMMINGLED WITH THE PROPERTY OF ANY OTHER PERSON OR ORGANIZATION?		X
6	DID THE ORGANIZATION USE THE SERVICES OF A PROFESSIONAL FUNDRAISER? (ATTACH FORM IFC)		X
7a	DID THE ORGANIZATION ALLOCATE THE COST OF ANY SOLICITATION, MAILING, ADVERTISEMENT OR LITERATURE COSTS BETWEEN PROGRAM SERVICE AND FUNDRAISING EXPENSES?		X
7b	IF 'YES', ENTER (i) THE AGGREGATE AMOUNT OF THESE JOINT COSTS \$ _____; (ii) THE AMOUNT ALLOCATED TO PROGRAM SERVICES \$ _____; (iii) THE AMOUNT ALLOCATED TO MANAGEMENT AND GENERAL \$ _____; AND (iv) THE AMOUNT ALLOCATED TO FUNDRAISING \$ _____		
8	DID THE ORGANIZATION EXPEND ITS RESTRICTED FUNDS FOR PURPOSES OTHER THAN RESTRICTED PURPOSES?		X
9	HAS THE ORGANIZATION EVER BEEN REFUSED REGISTRATION OR HAD ITS REGISTRATION OR TAX EXEMPTION SUSPENDED OR REVOKED BY ANY GOVERNMENTAL AGENCY?		X
10	WAS THERE OR DO YOU HAVE ANY KNOWLEDGE OF ANY KICKBACK, BRIBE, OR ANY THEFT, DEFALCATION MISAPPROPRIATION, COMMINGLING OR MISUSE OF ORGANIZATIONAL FUNDS?		X
11	LIST THE NAME AND ADDRESS OF THE FINANCIAL INSTITUTIONS WHERE THE ORGANIZATION MAINTAINS ITS THREE LARGEST ACCOUNTS: <u>SEE STATEMENT 2</u>		
12	NAME AND TELEPHONE NUMBER OF CONTACT PERSON: <u>GORDON LABOUNTY 847-291-9810</u>		

ALL ATTACHMENTS MUST ACCOMPANY THIS REPORT – SEE INSTRUCTIONS

UNDER PENALTY OF PERJURY, I (WE) THE UNDERSIGNED DECLARE AND CERTIFY THAT I (WE) HAVE EXAMINED THIS ANNUAL REPORT AND THE ATTACHED DOCUMENTS, INCLUDING ALL THE SCHEDULES AND STATEMENTS AND THE FACTS THEREIN STATED ARE TRUE AND COMPLETE AND FILED WITH THE ILLINOIS ATTORNEY GENERAL FOR THE PURPOSE OF HAVING THE PEOPLE OF THE STATE OF ILLINOIS RELY THEREUPON. I HEREBY FURTHER AUTHORIZE AND AGREE TO SUBMIT MYSELF AND THE REGISTRANT HEREBY TO THE JURISDICTION OF THE STATE OF ILLINOIS.

BE SURE TO INCLUDE ALL FEES DUE:	PRESIDENT or TRUSTEE (PRINT NAME)	SIGNATURE	DATE
	1 REPORTS ARE DUE WITHIN SIX MONTHS OF YOUR FISCAL YEAR END.		
	2 FOR FEES DUE SEE INSTRUCTIONS.	TREASURER or TRUSTEE (PRINT NAME)	SIGNATURE
3 REPORTS THAT ARE LATE OR INCOMPLETE ARE SUBJECT TO A \$100.00 PENALTY.	PREPARER (PRINT NAME)	SIGNATURE	DATE
	PICKER & ASSOCIATES LLC		
	750 W. LAKE COOK ROAD SUITE 375		
	BUFFALO GROVE, IL 60089		

**STATEMENT 1
FORM AG990-IL, PAGE 1, LINE F
OTHER REVENUES**

OTHER REVENUE.....	\$	399,758.
TOTAL	\$	<u>399,758.</u>

**STATEMENT 2
FORM AG990-IL, PAGE 2, QUESTION 11
NAME AND ACCOUNT NUMBER OF INSTITUTIONS HOLDING THREE LARGEST ACCOUNTS**

BANK OF AMERICA/US TRUST
CHICAGO, IL ACCOUNT #011016482854

THE NORTHERN TRUST COMPANY
CHICAGO, IL ACCOUNT #451541