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

2010

Department of the Treasury
Internal Revenue Service

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

For calendar year 2010, or tax year beginning _____ **and ending** _____

G Check all that apply: Initial return Initial return of a former public charity Final return
 Amended return Address change Name change

Name of foundation THE VARFLEX EDUCATIONAL FOUNDATION II		A Employer identification number 16-6552465
Number and street (or P O box number if mail is not delivered to street address) 512 WEST COURT STRET	Room/suite	B Telephone number 315-336-4400
City or town, state, and ZIP code ROME, NY 13440		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ 164,681. (Part I, column (d) must be on cash basis.)	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	
		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"/>

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
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))				
Revenue				
1 Contributions, gifts, grants, etc., received			N/A	
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	5,114.	5,111.		STATEMENT 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	<2,069.>			
b Gross sales price for all assets on line 6a	32,974.			
7 Capital gain net income (from Part IV, line 2)		0.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income				
12 Total. Add lines 1 through 11	3,045.	5,111.		
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees				
c Other professional fees	1,296.	1,296.		0.
17 Interest				
18 Taxes	130.	33.		0.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses				
24 Total operating and administrative expenses. Add lines 13 through 23	1,426.	1,329.		0.
25 Contributions, gifts, grants paid	28,000.			28,000.
26 Total expenses and disbursements. Add lines 24 and 25	29,426.	1,329.		28,000.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	<26,381.>			
b Net investment income (if negative, enter -0-)		3,782.		
c Adjusted net income (if negative, enter -0-)			N/A	

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 Operating and Administrative Expenses
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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash - non-interest-bearing		124.	2.	2.
	2	Savings and temporary cash investments		5,860.	6,821.	6,821.
	3	Accounts receivable ▶				
		Less: allowance for doubtful accounts ▶				
	4	Pledges receivable ▶				
		Less: allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons				
	7	Other notes and loans receivable ▶				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments - U.S. and state government obligations STMT 5		74,173.	59,355.	66,372.
	b	Investments - corporate stock STMT 6		1,456.	1,076.	1,324.
	c	Investments - corporate bonds				
11	Investments - land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other STMT 7		105,767.	94,434.	90,162.	
14	Land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation ▶					
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers)		187,380.	161,688.	164,681.	
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				
	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 <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 31.					
	27	Capital stock, trust principal, or current funds		206,274.	206,274.	
	28	Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.	
29	Retained earnings, accumulated income, endowment, or other funds		<18,894.>	<44,586.>		
30	Total net assets or fund balances		187,380.	161,688.		
31	Total liabilities and net assets/fund balances		187,380.	161,688.		

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	187,380.
2	Enter amount from Part I, line 27a	2	<26,381.>
3	Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 4	3	689.
4	Add lines 1, 2, and 3	4	161,688.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	161,688.

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 SEE ATTACHED SCHEDULE	P	VARIOUS	VARIOUS
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 32,974.		35,043.	<2,069.>
b			
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			<2,069.>
b			
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	<2,069.>
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8 }	3	N/A

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

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

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

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

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	19,953.	171,596.	.116279
2008	23,026.	213,365.	.107918
2007	19,541.	231,102.	.084556
2006	15,612.	226,043.	.069067
2005	0.	17,660.	.000000

2 Total of line 1, column (d)	2	.377820
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	.075564
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	166,903.
5 Multiply line 4 by line 3	5	12,612.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	38.
7 Add lines 5 and 6	7	12,650.
8 Enter qualifying distributions from Part XII, line 4	8	28,000.

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. 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	38.
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	38.
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	38.
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	
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	0.
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	38.
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be: Credited to 2011 estimated tax <input type="checkbox"/> Refunded <input checked="" type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

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

N/A

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)			X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ <u>N/A</u>	X		
14	The books are in care of ▶ <u>CHARLES J. SCHOFF, TRUSTEE</u> Telephone no. ▶ <u>315-336-4400</u> Located at ▶ <u>512 WEST COURT STREET, ROME, NY</u> ZIP+4 ▶ <u>13440</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year ▶ <u>15</u> <u>N/A</u>			
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 ▶		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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here <u>N/A</u> ▶ <input type="checkbox"/>	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?	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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ _____, _____, _____		
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.) <u>N/A</u>	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ _____, _____, _____		
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) <u>N/A</u>	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

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

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

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? Yes No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

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

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
 If "Yes," attach the statement required by Regulations section 53.4945-5(d). N/A

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
 If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No

5b		
6b		X
7b		

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
DOROTHY G, GRIFFIN 8209 PHILIPS ROAD ROME, NY 13440	TRUSTEE 0.00	0.	0.	0.
WILLIAM L. GRIFFIN 1002 JERVIS AVENUE ROME, NY 13440	TRUSTEE 0.00	0.	0.	0.
CHARLES J. SCHOFF P.O. BOX 4460 ROME, NY 13442	TRUSTEE 0.00	0.	0.	0.
WARREN E. WILLIAMS 5086 OSWEGO ROAD ROME, NY 13440	TRUSTEE 0.00	0.	0.	0.

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

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

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

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

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

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

Total number of others receiving over \$50,000 for professional services ▶ 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	

Total. Add lines 1 through 3 ▶ 0.

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	162,264.
b	Average of monthly cash balances	1b	7,181.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	169,445.
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	169,445.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	2,542.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	166,903.
6	Minimum investment return. Enter 5% of line 5	6	8,345.

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	8,345.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	38.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	38.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	8,307.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	8,307.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	8,307.

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	28,000.
b	Program-related investments - total from Part IX-B	1b	0.
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	28,000.
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	5	38.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	27,962.

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				8,307.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006	4,111.			
c From 2007	8,104.			
d From 2008	12,506.			
e From 2009	11,467.			
f Total of lines 3a through e	36,188.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ \$ 28,000.				
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				8,307.
e Remaining amount distributed out of corpus	19,693.			
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	55,881.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	55,881.			
10 Analysis of line 9:				
a Excess from 2006	4,111.			
b Excess from 2007	8,104.			
c Excess from 2008	12,506.			
d Excess from 2009	11,467.			
e Excess from 2010	19,693.			

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
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 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).)

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 of the person to whom applications should be addressed:

DANIEL C. LABELLE, EXECUTIVE DIRECTOR, 315-685-5690
P.O. BOX 259, SKANEATELES, NY 13152

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

COPIES OF FORMS ATTACHED

c Any submission deadlines:

SEE ATTACHED

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

SEE ATTACHED

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				
Total	SEE ATTACHED STATEMENT(S)			28,000.
b Approved for future payment				
NONE				
Total				0.

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES		STATEMENT	1
SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT	
DIVIDENDS	1,625.	0.	1,625.	
INTEREST	1,631.	0.	1,631.	
INTEREST - ON TREASURY OBLIGATIONS	1,858.	0.	1,858.	
TOTAL TO FM 990-PF, PART I, LN 4	5,114.	0.	5,114.	

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	2
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
NBT, BANK - INVESTMENT SERVICES	1,287.	1,287.		0.	
MISCELLANEOUS	9.	9.		0.	
TO FORM 990-PF, PG 1, LN 16C	1,296.	1,296.		0.	

FORM 990-PF	TAXES			STATEMENT	3
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
FEDERAL TAXES	47.	0.		0.	
NEW YORK STATE FILING FEES	50.	0.		0.	
FOREIGN TAXES W/H	33.	33.		0.	
TO FORM 990-PF, PG 1, LN 18	130.	33.		0.	

FORM 990-PF	OTHER INCREASES IN NET ASSETS OR FUND BALANCES	STATEMENT	4
DESCRIPTION		AMOUNT	
PROCEEDS FROM CLASS-ACTION SETTLEMENT			189.
REFUND OF UNUSED SCHOLARSHIP - 2009			500.
TOTAL TO FORM 990-PF, PART III, LINE 3			689.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS		STATEMENT	5
DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
GOVERNMENT BONDS	X		59,355.	66,372.
TOTAL U.S. GOVERNMENT OBLIGATIONS			59,355.	66,372.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			59,355.	66,372.

FORM 990-PF	CORPORATE STOCK		STATEMENT	6
DESCRIPTION			BOOK VALUE	FAIR MARKET VALUE
COMMON STOCK			1,076.	1,324.
TOTAL TO FORM 990-PF, PART II, LINE 10B			1,076.	1,324.

FORM 990-PF	OTHER INVESTMENTS		STATEMENT	7
DESCRIPTION	VALUATION METHOD		BOOK VALUE	FAIR MARKET VALUE
EQUITY MUTUAL FUNDS	FMV		94,434.	90,162.
TOTAL TO FORM 990-PF, PART II, LINE 13			94,434.	90,162.

2010 Varflex Educational Foundation II Awardees

	FIRST	M	LAST	AWARD	COLLEGE
1	Ermin		Aljukic	\$1,000	Utica College
2	Hilary	L	Baker	\$1,000	American International University
3	Allison	E	Bates	\$1,000	Syracuse University
4	Macey	E	Best	\$1,000	Wagner College
5	Nicholas	M	Brement	\$1,000	Princeton University
6	Mirra	L	Campbell	\$1,000	Hamilton College
7	Alainna	I	Carinci-Clark	\$500	Hartwick College
8	Michael	T	Cole	\$500	Mohawk Valley Community College
9	Eamon	J	Dempsey	\$500	St. John Fisher College
10	Olivia	A	DiBella	\$1,000	University at Albany
11	Leanna	M	Guerrieri	\$1,000	SUNY Potsdam
12	Torie	E	Hairston	\$1,000	Elmira College
13	Nyoka	M	Hammond	\$1,000	Mohawk Valley Community College
14	Nicole	M	Hartner	\$500	SUNY Cortland
15	Emily	A	Herbst	\$1,000	Syracuse University
16	David	J	Lombardo	\$1,000	Rensselaer Polytechnic Institute
17	Danielle	M	McHarris	\$1,000	St John Fisher College
18	Katherine	E	Mumpton	\$1,000	Hartwick College
19	Tess	M	Niznik	\$1,000	Mohawk Valley Community College
20	Donna	G	Occhipinti	\$1,000	Hobart & William Smith College
21	Elizabeth		Orsino	\$1,000	St. John Fisher College
22	Joseph	A	Pasqualetti III	\$500	New Jersey Institute of Technology
23	Justin	R	Peavey	\$1,000	Utica College
24	Andrew	S	Platt	\$1,000	Albany College of Pharmacy & Health
25	Kara	E	Popovich	\$1,000	The University of Vermont
26	Jacob	R	Quattrini	\$1,000	St John Fisher College
27	Taylor	M	Rapke	\$1,000	University of Vermont
28	Kevin	M	Sayles	\$1,000	Colgate University
29	Megan	K	Serley	\$1,000	Albany College of Pharmacy & Health
30	Jessica	M	Washnis	\$500	Le Moyne College
31	Krista	L	Wolfe	\$1,000	Utica College

\$28,000

Certain employees' of Varflex Corporation are the parents/grandparents of awardees # 1, 8, and 21.

Account Number:

Date: DECEMBER 31, 2010

Review of Assets

Shares or Par Value		Unit Market	Investment Cost Basis	Total Market Value
FIXED INCOME SECURITIES				
U.S. GOVT AGENCIES				
10,000	FEDERAL FARM CREDIT BANKS 4.71 10-18-13	109.999	9,835.10	10,999.90
10,000	FEDERAL FARM CREDIT BANKS 5.00 11-07-16	112.505	9,957.20	11,250.50
10,000	FEDERAL FARM CREDIT BANKS 4.875 01-17-17	112.033	9,864.00	11,203.30
10,000	FEDERAL NATL MTG ASSN 5.00 04-15-15	113.189	10,002.64	11,318.90
10,000	FEDERAL NATL MTG ASSN 4.375 09-15-12	106.352	9,723.10	10,635.20
10,000	FEDERAL NATL MTG ASSN 5.125 01-02-14	109.644	9,973.00	10,964.40
	TOTAL U.S. GOVT AGENCIES		59,355.04	66,372.20
EQUITIES				
COMMON STOCK				
11	FRONTIER COMMUNICATIONS	9.730	88.00	107.03
34	VERIZON COMMUNICATIONS	35.780	987.66	1,216.52
	TOTAL COMMON STOCK		1,075.66	1,323.55
EQUITY MUTUAL FUNDS (ETF)				
96	ISHARES TR MSCI EMERGMKT	47.642	3,634.70	4,573.63
152	ISHARES TR MSCI EAFE IDX	58.220	10,550.75	8,849.44
98	ISHARES TR RUSSELL 2000	78.240	7,285.76	7,667.52
97	SPDR S&P MIDCAP 400 ETF TR	164.680	13,940.75	15,973.96
77	SELECT SECTOR SPDR TR SBI MATERIALS	38.410	2,653.80	2,957.57
142	SELECT SECTOR SPDR TR SBI HEALTHCARE	31.500	4,573.32	4,473.00
172	SELECT SECTOR SPDR TR SBI CONS STAPLES	29.310	4,535.03	5,041.32
197	SELECT SECTOR SPDR TR SBI CONS DISCR	37.410	6,900.42	7,369.77
105	SELECT SECTOR SPDR TR SBI INT-ENERGY	68.250	5,701.54	7,166.25
510	SELECT SECTOR SPDR TR SBI INT- FIN	15.950	17,535.64	8,134.50
193	SELECT SECTOR SPDR TR SBI INT-INDS	34.870	6,729.45	6,729.91
407	SELECT SECTOR SPDR TR SBI TECHNOLOGY	25.190	9,582.10	10,252.33
31	SELECT SECTOR SPDR TR SBI INT-UTILS	31.340	810.42	971.54
	TOTAL EQUITY MUTUAL FUNDS (ETF)		94,433.68	90,160.74
	TOTAL EQUITIES		95,509.34	91,484.29

Number of Shares	CUSIP	Description	(Box 7)		(Box 1a)		(Box 2)		Net Gain/Loss	Federal Income Tax Withheld	
			Date Acquired	Date of Sale	Bonds, etc.	Stocks	Cost or Other Basis	Net Gain/Loss			
Long Term 15% Sales Reported on 1099-B											
10000.0000	3133X8C91	FEDERAL HOME LOAN BANKS 4.375 08-15-11	01/19/2007	07/12/2010			10,295.00	9,747.70	547.30	0.00	
5000.0000	31359MFG3	FEDERAL NATL MTG ASSN 7.25 01-15-10	12/20/2006	01/15/2010			5,000.00	5,070.45	-70.45	0.00	
28.19	35908A108	FRONTIER COMMUNICATIONS.COM	04/24/2009	08/04/2010			2.13	2.26	-0.13	0.00	
17.0000	464287465	ISHARES TR MSCI EAFE IDX	01/04/2007	07/09/2010			850.49	1,247.44	-396.95	0.00	
30.0000	464287234	ISHARES TR MSCI EMERGMKT	01/04/2007	07/09/2010			1,197.57	1,135.84	61.73	0.00	
48.0000	81369Y308	SELECT SECTOR SPDR TR SBI CONS STAPLES	01/04/2007	07/09/2010			1,270.53	1,265.59	4.94	0.00	
143.0000	81369Y209	SELECT SECTOR SPDR TR SBI HEALTHCARE	01/04/2007	07/09/2010			4,147.21	4,849.86	-702.65	0.00	
36.0000	81369Y506	SELECT SECTOR SPDR TR SBI INT-ENERGY	01/04/2007	07/09/2010			1,893.92	2,023.61	-129.69	0.00	
81.0000	81369Y704	SELECT SECTOR SPDR TR SBI INT-INDS	01/04/2007	07/09/2010			2,315.75	2,850.40	-534.65	0.00	
45.0000	81369Y886	SELECT SECTOR SPDR TR SBI INT-UTILS	01/04/2007	07/09/2010			1,341.20	1,687.26	-346.06	0.00	
24.0000	81369Y100	SELECT SECTOR SPDR TR SBI MATERIALS	01/04/2007	07/09/2010			727.66	829.71	-102.05	0.00	
168.0000	81369Y803	SELECT SECTOR SPDR TR SBI TECHNOLOGY	01/04/2007	07/09/2010			3,586.73	3,955.26	-368.53	0.00	
13.0000	92343V104	VERIZON COMMUNICATIONS.COM	04/24/2009	07/09/2010			345.53	377.63	-32.10	0.00	
Total Long Term 15% Sales Reported on 1099-B									32,973.72	35,043.01	0.00