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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 requirementsFor calendar year **2010**, or tax year beginning , **2010**, and ending , **20**

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

Name of foundation Grace Hughes Foundation		A Employer identification number 20-1635744
Number and street (or P O box number if mail is not delivered to street address) 213 Willard	Room/suite	B Telephone number (see the instructions) 641-732-3703
City or town, state, and ZIP code Lime Springs IA 52155		C If exemption application is pending, check here ☐
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		D 1 Foreign organizations, check here ☐ 2 Foreign organizations meeting the 85% test, check here and attach computation ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 322,787.	J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis)	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 ☐

	Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), & (d) may not necessarily equal the amounts in column (a) (see instr.))	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
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 temp. cash investments	17.	17.	17.	
4	Dividends and interest from securities	7,980.	7,980.	7,980.	
5a	Gross rents				
b	(Net rental income or (loss))				
6a	Net gain/(loss) from sale of assets not on line 10	(5,610.)			
b	Gross sales price for all assets on line 6a 187,695.				
7	Capital gain net income (from Part IV, line 2)		(5,610.)		
8	Net short-term capital gain			(5,610.)	
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)				
12	Total. Add lines 1 through 11	2,387.	2,387.	2,387.	
13	Compensation of officers, directors, trustees, etc.				
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)				
b	Accounting fees (attach schedule)	500.	500.	500.	
c	Other professional fees (attach schedule)				
17	Interest				
18	Taxes (attach schedule) (see instructions)	33.	33.	33.	
19	Depreciation (attach sch.) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (attach schedule)	34.	34.	34.	34.
24	Total operating and administrative expenses. Add lines 13 through 23	567.	567.	567.	34.
25	Contributions, gifts, grants paid	19,000.			19,000.
26	Total exp. & disbursements. Add lines 24 and 25	19,567.	567.	567.	19,034.
27	Subtract line 26 from line 12				
a	Excess of revenue over expenses and disbursements	(17,180.)			
b	Net investment income (if neg., enter -0-)		1,820.		
c	Adjusted net income (if neg., enter -0-)			1,820.	

For Paperwork Reduction Act Notice, see the instructions.

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SCANNED MAY 27 2011
Revenue

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 (See inst)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash - non-interest-bearing				
	2	Savings and temporary cash investments				
	3	Accounts receivable ▶ Less: allowance for doubtful accts ▶				
	4	Pledges receivable ▶ Less: allowance for doubtful accts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions)				
	7	Other notes and loans receivable (attach schedule) ▶ Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments - U S and state govt obligations (attach schedule)				
	b	Investments - corporate stock (attach schedule)	60,488.	60,488.	110,696.	
	c	Investments - corporate bonds (attach schedule)	240,356.	240,356.	212,091.	
	11	Investments - land, buildings, and equipment basis ▶ Less: accumulated depreciation (attach schedule) ▶				
	12	Investments - mortgage loans				
	13	Investments - other (attach schedule)				
	14	Land, buildings, and equipment basis ▶ Less: accumulated depreciation (attach schedule) ▶				
15	Other assets (describe ▶)					
	16	Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	300,844.	300,844.	322,787.	
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)				
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	300,844.	322,787.		
	25	Temporarily restricted				
	26	Permanently restricted				
		Foundations that do not follow SFAS 117, ck. 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				
	30	Total net assets or fund balances (see the instructions)	300,844.	322,787.		
	31	Total liabilities and net assets/fund balances (see the instructions)	300,844.	322,787.		

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	300,844.
2	Enter amount from Part I, line 27a	2	(17,180.)
3	Other increases not included in line 2 (itemize) ▶ Increase in market value	3	21,943.
4	Add lines 1, 2, and 3	4	305,607.
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	305,607.

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.)
1 a Ameriprise Redemptions	P	10/01/2009	12/31/2010
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 187,695.		193,305.	(5,610.)
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) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			(5,610.)
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	(5,610.)
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8	If gain, also enter in Part I, line 8, column (c) (see 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 the instructions before making any entries

(a) Base period years Calendar year (or tax year beg. in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009			
2008			
2007			
2006			
2005			

2 Total of line 1, column (d)	2	
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	
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	
5 Multiply line 4 by line 3	5	
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	
7 Add lines 5 and 6	7	
8 Enter qualifying distributions from Part XII, line 4	8	

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

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

1a Exempt operating foundations described in section 4940(d)(2), check here ☐ & enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary - see instr)		
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b	1	18.
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	18.
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	18.
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	
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	18.
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 ☒ 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 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 the instructions) ☐ IA		
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 in instructions)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes" attach schedule (see instructions) If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶	13	X	
14	The books are in care of ▶ <u>Larry Gates</u> Telephone no ▶ <u>563-566-2625</u> Located at ▶ <u>213 Willard</u> <u>IA Lime Springs</u> ZIP+4 ▶ <u>52155</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	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 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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ ☐	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? 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 the instructions)	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 ▶ 20 __, 20 __, 20 __, 20 __		
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)	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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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ... ☐ Yes ☒ No(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ... ☐ Yes ☒ No(3) Provide a grant to an individual for travel, study, or other similar purposes? ... ☐ Yes ☒ No(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ... ☐ Yes ☒ No(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ... ☐ Yes ☒ No**b** If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see the instructions)? ... ☐ **5b****c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ... ☐ Yes ☐ No
If "Yes," attach the statement required by Regulations section 53.4945-5(d)**6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ... ☐ Yes ☒ No**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ... ☐ Yes ☒ No
If "Yes" to 6b, file Form 8870 **6b** ☒**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 **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 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 comp	(e) Expense account, other allowances
Larry Gates	Bd Member			
213 Willard Lime Spring	3	0		
Robert Hughes	Bd Member			
828 8th Street East	1	0		
Michelle Bush	Bd Member			
22001 35th Street	1	0		

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

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 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 info such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 Grants and gifts to charitable organizations listed on attached detail sheet	19,000.
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 None	
2	
All other program-related investments See 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 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
b	Average of monthly cash balances	1b
c	Fair market value of all other assets (see the instructions)	1c
d	Total (add lines 1a, b, and c)	1d
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e
2	Acquisition indebtedness applicable to line 1 assets	2
3	Subtract line 2 from line 1d	3
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see the instructions)	4
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5
6	Minimum investment return. Enter 5% of line 5	6

Part XI Distributable Amount (see 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	
2 a	Tax on investment income for 2010 from Part VI, line 5	2a	24.
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	24.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see 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 19,034.
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 19,034.
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 the instructions).	5 24.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6 19,010.

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 the instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7 ...				
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only ...				
b Total for prior yrs. 20__, 20__, 20__				
3 Excess distribs carryover, if any, to 2010				
a From 2005 ..				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e				
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ <u>19,034.</u>				
a Applied to 2009, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see the instr) ..				
c Treated as distributions out of corpus (Election required - see the instructions) ..				
d Applied to 2010 distributable amount ..				
e Remaining amt distributed out of corpus ..	19,034.			
5 Excess distribs carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in col (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, & 4e. Subtract line 5 ..	19,034.			
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 the instructions ..				
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount - see the instructions ..				
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011 ..				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see the instructions).....				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see the instructions)				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a ..	19,034.			
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	19,034.			

Part XIV Private Operating Foundations (see 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)

	Prior 3 years				(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
2a 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))

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

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 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

Larry Gates 563-566-2625 213 Willard LIME SPRINGS IA 52155

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

Larry Gates 563-566-2625 213 Willard Lime Springs, Iowa 52155

c Any submission deadlines

December 31 of each year

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

Lime Springs, Iowa area

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 Paid during the year				
Dr Rober		501c3	Religious	300.
Chester PO Box 2 52155		501c3	Social Club	250.
Chester 52155		501c3	Maintenance	1,000.
Lime Spr 52155		Nonpro	Recreation	475.
Dollars 52155		501c3	Educational	500.
Lidtke M 52155		Exempt	Maintenance	2,500.
Pleasant 52155		Exempt	Maintenance	3,500.
United M 52155		501c3	Religious	3,300.
Lime Spr 52155		501c3	Educational	1,625.
Communit 52155		Nonpro	Recreational	800.
Spring A 52155		501c3	Educatioanl	750.
Lime Spr 52155		Exempt	Recreational	2,000.
Wisdom a 52155		Nonpro	Health Care	1,500.
Lime Spr 52155		Nonpro	Recreation	500.
Total			3a	19,000.
b Approved for future payment				
Total			3b	

Detail Sheet

2010

Name: Grace Hughes Foundation

ID: 20-1635744

Description: Page 1, Grants Awarded In 2010

[illegible]

US 990**Investments: Corporate Stock as of Year End****2010**

Description	Book value	FMV
Ameriprise Investments	60,488.	110,696.
	60,488.	110,696.

US 990**Investments: Corporate Bonds as of Year End****2010**

Description	Book value	FMV
Ameriprise Investments	142,035.	113,770.
Ameriprise Annuity	98,321.	98,321.
	240,356.	212,091.

2010

US990ST2

2010

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2010

US990ST5

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

Name Grace Hughes Foundation EIN 20-1635744
Name line 2 Larry Gates Trustee
Address 213 Willard Telephone No 641-732-3703
City, State, and Zip Code Lime Springs IA 52155

Email address _____
Web site address _____
Fiduciary name, if applicable Larry Gates Trustee
Name of officer signing return _____
Title of officer/trustee/fiduciary signing return Board Member
Group exemption number _____
Check if exemption application is pending ☐
Accounting method _____ Cash ☒ Accrual ☐ Other ☐ Specify _____
List states desired _____

Type of exempt organization:

- ☐ Organization exempt under section 501(c), 527 or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) (Form 990)
☐ Organization exempt under section 501(c), 527 or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) with gross receipts less than \$200,000 and total assets less than \$500,000 at the end of the year (Form 990-EZ)
☒ Private foundation or section 4947(a)(1) nonexempt charitable trust treated as a private foundation (Form 990-PF)
☐ Exempt organization with unrelated business income (Form 990-T)

Preparer ID _____ Time in this return 105 minutes
Preparer name Brian R McPhail Date 05/13/2011
Preparer SSN _____ PTIN P00142011
Firm's name Gross & McPhail Self-employed ☒
Address 631 Main Street Firm's EIN 42-6157203
City, State, ZIP Code OSAGE IA 50461- Phone 641-732-3703

Preparer notes These notes will print and proforma

Preparer's use fields

1 _____ 2 _____ 3 _____
4 _____ 5 _____ 6 _____

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

► File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on e-file for Charities & Nonprofits.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed)

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

Type or print File by the due date for filing your return. See instructions	Name of exempt organization Grace Hughes Foundation	Employer identification number 20-1635744
	Number, street, and room or suite no. If a P O box, see instructions 213 Willard	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions Lime Springs IA 52155	

Enter the Return code for the return that this application is for (file a separate application for each return) ☐ 04

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► Larry Gates
Telephone No ► 563-566-2625 FAX No ► _____
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until AUG 15, 20 11, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
► ☒ calendar year 2010 or
► ☐ tax year beginning _____, 20 _____, and ending _____, 20 _____.

2 If the tax year entered in line 1 is for less than 12 months, check reason ☐ Initial return ☐ Final return
☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	18.
b If this application is for Form 990-PF or 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	18.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

m 5/14/11