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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 FRED FATZLER FOUNDATION		A Employer identification number 22-6042694
Number and street (or P O box number if mail is not delivered to street address) 17 MIDWOOD TERRACE	Room/suite	B Telephone number (973) 377-9521
City or town, state, and ZIP code MADISON, NJ 07940		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) \$ 1,030,618.	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"/>

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))		(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				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		28,126.	28,120.		STATEMENT 1
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		-15,062.			
b Gross sales price for all assets on line 6a 340,835.			0.		
7 Capital gain net income (from Part IV, line 2)					
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		13,064.	28,120.		
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 STMT 2		1,985.	993.		992.
c Other professional fees					
17 Interest					
18 Taxes STMT 3		645.	42.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 4		460.	230.		230.
24 Total operating and administrative expenses. Add lines 13 through 23		3,090.	1,265.		1,222.
25 Contributions, gifts, grants paid		36,500.			36,500.
26 Total expenses and disbursements. Add lines 24 and 25		39,590.	1,265.		37,722.
27 Subtract line 26 from line 12		-26,526.			
a Excess of revenue over expenses and disbursements			26,855.		
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)				N/A	

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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				
	2	Savings and temporary cash investments		72,333.	30,233.	30,233.
	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				
	b	Investments - corporate stock STMT 5		620,782.	712,408.	845,982.
	c	Investments - corporate bonds STMT 6		176,984.	150,932.	154,403.
11	Investments - land, buildings, and equipment basis ▶					
	Less accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other		50,000.			
14	Land, buildings, and equipment basis ▶					
	Less accumulated depreciation ▶					
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers)		920,099.	893,573.	1,030,618.	
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		1,085,835.	1,085,835.	
	28	Paid-in or capital surplus, or land, bldg, and equipment fund		0.	0.	
29	Retained earnings, accumulated income, endowment, or other funds		-165,736.	-192,262.		
30	Total net assets or fund balances		920,099.	893,573.		
31	Total liabilities and net assets/fund balances		920,099.	893,573.		

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	920,099.
2	Enter amount from Part I, line 27a	2	-26,526.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	893,573.
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	893,573.

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 THROUGH FIDELITY - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
b HEALTHSOUTH LITIGATION SETTLEMENT	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 340,305.		355,897.	-15,592.
b 530.			530.
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) 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			-15,592.
b			530.
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	-15,062.
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	37,235.	792,824.	.046965
2008	64,972.	990,867.	.065571
2007	64,077.	1,245,215.	.051459
2006	62,299.	1,174,877.	.053026
2005	62,077.	1,162,820.	.053385

2 Total of line 1, column (d)	2	.270406
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	.054081
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	933,023.
5 Multiply line 4 by line 3	5	50,459.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	269.
7 Add lines 5 and 6	7	50,728.
8 Enter qualifying distributions from Part XII, line 4	8	37,722.

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)	1	537.
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)	2	0.
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	3	537.
3	Add lines 1 and 2	4	0.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	5	537.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		
6	Credits/Payments		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	960.
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	960.
8	Enter any penalty for underpayment of estimated tax. Check here <input checked="" 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	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	423.
11	Enter the amount of line 10 to be Credited to 2011 estimated tax	11	0.

Part VII-A Statements Regarding Activities

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

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?

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see 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

c Did the foundation file Form 1120-POL for this year?

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?
If "Yes," attach a detailed description of the activities

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

4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?

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.

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?

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.

8a Enter the states to which the foundation reports or with which it is registered (see instructions) ☐ NJ

b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation

9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If "Yes," complete Part XIV

10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address N/A	13	X	
14	The books are in care of ALIDA FATZLER MCRAE Telephone no (973) 377-9521 Located at 17 MIDWOOD TERRACE, MADISON, NJ ZIP+4 07940			
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 N/A			
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? 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 N/A	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? <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 N/A	1b	
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010? N/A	1c	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 N/A	2a	
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) N/A	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 N/A	2c	
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	3a	
b	If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.) N/A	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	X

Form 990-PF (2010)

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)?

N/A

Organizations relying on a current notice regarding disaster assistance check here

☒

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

☐ Yes ☐ No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

☐ Yes ☒ No

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

If "Yes" to 6b, file Form 8870.

☐ Yes ☒ No

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

N/A

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

5b

6b

7b

X

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
SEE STATEMENT 7		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

Form 990-PF (2010)

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 NONE	
	0.
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 NONE	
	0.
2	
All other program-related investments See instructions	
3	
Total. Add lines 1 through 3	0.

Form 990-PF (2010)

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	882,624.
b	Average of monthly cash balances	1b	64,607.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	947,231.
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	947,231.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	14,208.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	933,023.
6	Minimum investment return. Enter 5% of line 5	6	46,651.

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	46,651.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	537.
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	537.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	46,114.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	46,114.
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	46,114.

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	37,722.
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	37,722.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	37,722.

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.

Form 990-PF (2010)

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				46,114.
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	6,166.			
b From 2006	5,381.			
c From 2007	3,273.			
d From 2008	15,805.			
e From 2009				
f Total of lines 3a through e	30,625.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$	37,722.			
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	0.			37,722.
e Remaining amount distributed out of corpus	8,392.			8,392.
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:	22,233.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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	22,233.			
10 Analysis of line 9				
a Excess from 2006	3,155.			
b Excess from 2007	3,273.			
c Excess from 2008	15,805.			
d Excess from 2009				
e Excess from 2010				

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(I)(3) or ☐ 4942(I)(5)

- 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.

- (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(i)(3)(B)(iii)

- (3) Largest amount of support from an exempt organization

- (4) Gross investment income**

[illegible]

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

RODERICK MCRAE

230 MADISON AVENUE, MORRISTOWN, NJ 07960

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

IN WRITING, ANYTIME, NOTIFICATIONS OF APPROVAL ONLY

- c Any submission deadlines**

SEPTEMBER 10, 2011

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

NONE

Pa. 1 XV **Supplementary Information** (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient		If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)					
a Paid during the year					
SEE STATEMENT 8					
Total				3a	36,500.
b Approved for future payment					
NONE					
Total				3b	0.

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	1
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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
FIDELITY - INTEREST	9,575.	0.	9,575.
FIDELITY - ACCRUED INTEREST PAID	-160.	0.	-160.
FIDELITY - DIVIDENDS	18,705.	0.	18,705.
FIDELITY - MUNI INTERST	6.	0.	6.
TOTAL TO FM 990-PF, PART I, LN 4	28,126.	0.	28,126.

FORM 990-PF	ACCOUNTING FEES	STATEMENT	2
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	1,985.	993.		992.
TO FORM 990-PF, PG 1, LN 16B	1,985.	993.		992.

FORM 990-PF	TAXES	STATEMENT	3
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX	42.	42.		0.
FEDERAL EXCISE TAX	603.	0.		0.
TO FORM 990-PF, PG 1, LN 18	645.	42.		0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BOND INSURANCE	460.	230.		230.
TO FORM 990-PF, PG 1, LN 23	460.	230.		230.

FORM 990-PF	CORPORATE STOCK	STATEMENT	5
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED STATEMENT	712,408.	845,982.
TOTAL TO FORM 990-PF, PART II, LINE 10B	712,408.	845,982.

FORM 990-PF	CORPORATE BONDS	STATEMENT	6
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED STATEMENT	150,932.	154,403.
TOTAL TO FORM 990-PF, PART II, LINE 10C	150,932.	154,403.

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 7

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
ALIDA MCRAE 17 MIDWOOD TERRACE MADISON, NJ 07940	PRESIDENT 0.00	0.	0.	0.
RODERICK MCCRAE 17 MIDWOOD TERRACE MADISON, NJ 07940	TRUSTEE 0.00	0.	0.	0.
RODERICK MCCRAE, III ONE KING RICHARDS COURT WATCHUNG, NJ 07069	TRUSTEE 0.00	0.	0.	0.
KEVIN MCRAE 45 SHERBROOK DRIVE BERKELEY HEIGHTS, NJ 07922	TRUSTEE 0.00	0.	0.	0.
PETER S. HAGERMAN 9 INDIAN HOLLOW ROAD MENDHAM, NJ 07945	TRUSTEE 0.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 8

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
SUNY AT BUFFALO (ANDREW BARAN SCHOLARSHIP)- FINANCIAL OFFICES 232 CAPAN HALL BUFFALO, NY 14260	NONE GENERAL	PUBLIC	4,000.
AMERICAN CANCER SOCIETY 767 NORTHFIELD AVENUE WEST ORANGE, NJ 07052	NONE GENERAL	PUBLIC	500.
WILSON COLLEGE 1015 PHILADELPHIA AVENUE CHAMBERSBURG, PA 17201	NONE GENERAL	PUBLIC	2,000.
MORRISTOWN BEARD SCHOOL WHIPPANY ROAD MORRISTOWN, NJ 07960	NONE GENERAL	PUBLIC	2,000.
OVERLOOK HOSPITAL 193 MORRIS AVENUE SUMMIT, NJ 07901	NONE GENERAL	PUBLIC	1,000.
MADISON FIRST AID SQUAD 29 PROSPECT STREET MADISON, NJ 07940	NONE GENERAL	PUBLIC	1,000.
MADISON PRESBYTERIAN CHURCH GREEN AVENUE MADISON, NJ 07940	NONE GENERAL	PUBLIC	2,000.
BOY SCOUTS OF AMERICA(PATRIOTS PATH COUNCIL) 222 COLUMBIA TURNPIKE FLORHAM PARK, NJ 07932-1299	NONE GENERAL	PUBLIC	500.

FRED FATZLER FOUNDATION			22-6042694
MADISON PUBLIC LIBRARY 39 KEEP STREET MADISON, NJ 07940	NONE GENERAL	PUBLIC	500.
MADISON P.B.A. - LOCAL #92 KINGS ROAD MADISON, NJ 07940	NONE GENERAL	PUBLIC	1,000.
TRINITY COLLEGE DEVELOPMENT OFFICE 300 SUMMIT STREET HARTFORD, CT 06106-3100	NONE GENERAL	PUBLIC	2,000.
MADISON LITTLE LEAGUE P.O. BOX 261 MADISON, NJ 07940	NONE GENERAL	PUBLIC	500.
ST HUBERTS ANIMAL WELFARE CENTER 575 WOODLAND AVENUE, P.O. BOX 159 MADISON, NJ 07940-0159	NONE GENERAL	PUBLIC	1,000.
CHESHIRE HOME 9 RIDGEDALE AVENUE FLORHAM PARK, NJ 07932-2329	NONE GENERAL	PUBLIC	1,000.
THE ARC OF UNION COUNTY, INC. 52 FADEM ROAD SPRINGFIELD, NJ 07081	NONE GENERAL	PUBLIC	1,000.
MIDLAND ADULT SERVICES INC. - RESIDENTIAL COMMUNITIES BOX 5026 NORTH BRANCH, NJ 08876	NONE GENERAL	PUBLIC	1,000.
UNIVERSITY OF VERMONT - DEVELOPMENT & ALUMNI RELATIONS GRASSE MOUNT, 411 MAIN STREET BURLINGTON, VT 05405	NONE GENERAL	PUBLIC	2,000.
MADISON FIRE DEPARTMENT 50 KINGS ROAD MADISON, NJ 07940	NONE GENERAL	PUBLIC	1,000.

FRED FATZLER FOUNDATION

22-6042694

HOBAE T & WILLIAM SMITH COLLEGE 615 SOUTH MAIN STREET GENEVA, NY 14456	NONE GENERAL	PUBLIC	2,000.
BROWN UNIVERSITY 'MUSIC SPEC' P.O. 1924 PROVIDENCE , RI 02912	NONE GENERAL	PUBLIC	2,000.
THE MUSEUM OF EARLY TRADES & CRAFTS MAIN STREET AT GREEN VILLAGE ROAD MADISON, NJ 07940	NONE GENERAL	PUBLIC	1,000.
GREAT SWAMP WATERSHED ASSOCIATION P.O. BOX 300 NEW VERNON, NJ 07976	NONE GENERAL	PUBLIC	1,000.
TWO HUNDRED CLUB OF ESSEX COUNTY P.O. BOX 32249 NEWARK, NJ 07102	NONE GENERAL	PUBLIC	1,000.
MORRISTOWN MEMORIAL HOSPITAL - HEALTH FOUNDATION 95 MADISON AVENUE, SUITE 305 MORRISTOWN, NJ 07962-1965	NONE GENERAL	PUBLIC	2,000.
PRESBYTERIAN CHURCH OF NEW PROVIDENCE 1307 SPRINGFIELD AVENUE NEW PROVIDENCE, NJ 07940	NONE GENERAL	PUBLIC	1,000.
OLD ROAD FUND INC. P.O. BOX 494 ST JOHN'S , WEST INDIES, ANTIGUA & BARBUDA	NONE GENERAL	PUBLIC	1,000.
BIG BROTHERS BIG SISTERS 500 BROAD ST., 2ND FLOOR NEWARK, NJ 07102	NONE GENERAL	PUBLIC	1,000.
WESTMINSTER NURSERY SCHOOL 725 MOUNTAIN AVENUE BERKELEY HEIGHTS, NJ 07922	NONE GENERAL	PUBLIC	500.

TOTAL TO FORM 990-PF, PART XV, LINE 3A

36,500.

FRED FATZLER FOUNDATION
EIN 22-6042694
ATTACHMENT TO 2010 990-PF, PART II, LINE 10B STATEMENT 5

CORPORATE STOCK	BOOK VALUE 12/31/2010	FAIR MARKET VALUE 12/31/2010
ACCENTURE LTD , CLASS A	34,531 50	48,490 00
CISCO SYSTEMS	27,627 13	36,414 00
CONOCOPHILLIPS	27,911 76	37,455 00
CONSOLIDATED EDISON	28,714 22	34,699.00
DEVON ENERGY CORP NEW	27,206 82	35,329 50
EATON CORP	30,013 03	40,604 00
HUDSON CILY BANCORP INC	36,725 95	38,220 00
ILLINOIS TOOL WORKS	33,351 36	37,380 00
INTL BUSINESS MACH	36,802 95	44,028 00
ITRON INC	34,531 95	33,270 00
KIMBERLY CLARK	24,551 60	31,520 00
LOWES COMPANIES	15,894 37	35,112 00
MEDTRONIC INC	36,624 92	40,799 00
MICROSOFT CORP	45,241 03	39,074 00
NUANCE COMMUNICATIONS INC	30,237 95	36,360 00
OMNICOM GROUP	46,807 91	41,220 00
PEPSICO	25,695 00	32,665 00
PITNEY BOWES	36,356 95	36,270 00
SYSCO CORP	29,334 95	29,400 00
TEVA PARMACEUTICAL INDUSTRY ARD	19,047 69	31,278 00
THE TRAVELERS COMPANIES INC	25,150 80	33,426 00
VERIZON COMMUNICATIONS	27,605 59	35,780 00
WELLS FARGO & CO NEW	32,442 95	37,188 00
TOTAL	712,408 38	845,981 50
Rounded Total to Part II, Line 10B, Stmt 5	712,408	845,982

FRED FATZLER FOUNDATION

EIN 22-6042694

ATTACHMENT TO 2010 990-PF, PART II, LINE 10c, STATEMENT 6

	BOOK VALUE 12/31/2010	FAIR MARKET VALUE 12/31/2010
<u>CORPORATE BONDS</u>		
ALLIED WASTE NORTH AMER INC	50,000.00	50,233.00
MEDTRONIC INC SR NT CB	49,960.50	50,000.00
FPL GROUP CAPITAL INC NOTE	50,971.67	54,169.50
Total	<u>150,932.17</u>	<u>154,402.50</u>
Rounded Total to Part II, Line 10c, stmt 6	<u><u>150,932</u></u>	<u><u>154,403</u></u>

McRae Capital Management
REALIZED GAINS AND LOSSES
Fred Fatzler Foundation
Account #579-661511/20600
From 01-01-10 Through 12-31-10

FATZLER FOUNDATION
EIN. 22-6042694
ATTACHMENT TO 2010 FORM 990-PF, PAGE 3, PART IV.
LINE 1a
PAGE 1 OF 2

Open Date	Close Date	Quantity	Security	Cost		Proceeds	Gain Or Loss	
				Basis	Short Term		Short Term	Long Term
03-05-09	01-15-10	25,000	Clorox Co 4 200% Due 01-15-10	25,239 25	25,000 00	-239 25		
10-03-07	06-01-10	100 00	ev3 Inc	1,619 00	2,221 68	602 68		
10-03-07	06-01-10	200 00	ev3 Inc	3,242 00	4,443 36	1,201 36		
10-03-07	06-01-10	200 00	ev3 Inc	3,241 68	4,443 36	1,201 68		
10-03-07	06-01-10	400 00	ev3 Inc	6,484 00	8,886 71	2,402 71		
10-03-07	06-01-10	1,900 00	ev3 Inc	30,780 00	42,211 88	11,431 88		
10-27-03	06-11-10	400 00	L-3 Communications Holdings Inc	18,234 26	31,598 23	13,363 97		
09-22-09	07-08-10	0 04	Frontier Communications Corp	0 31	0 29	-0 02		
01-06-10	07-28-10	50,000	Federal Natl Mig Assn	50,000 00	50,000 00	0 00		
07-23-08	07-28-10	50,000	4 000% Due 01-28-20 Washington Tr Co Westerly RI	50,000 00	50,000 00	0 00		
09-22-09	08-02-10	23 96	4 250% Due 07-28-10 Frontier Communications Corp	185 73	183 26	-2 47		
09-22-09	08-02-10	24 00	Frontier Communications Corp	186 53	183 57	-2 96		
09-22-09	08-02-10	48 01	Frontier Communications Corp	372 06	367 14	-4 92		
09-22-09	08-02-10	48 01	Frontier Communications Corp	372 06	367 14	-4 92		
09-22-09	08-02-10	96 02	Frontier Communications Corp	744 11	734 27	-9 84		
10-03-07	09-20-10	800 00	L-1 Identity Solutions Inc	15,408 00	9,291 50	-6,116 50		
10-03-07	09-20-10	1,500 00	L-1 Identity Solutions Inc	28,890 00	17,421 56	-11,468 44		
02-12-08	09-20-10	200 00	L-1 Identity Solutions Inc	2,662 00	2,322 87	-339 13		
02-12-08	09-20-10	200 00	L-1 Identity Solutions Inc	2,658 00	2,322 87	-335 13		
02-12-08	09-20-10	600 00	L-1 Identity Solutions Inc	7,980 00	6,968 62	-1,011 38		
04-02-09	09-20-10	1,200 00	L-1 Identity Solutions Inc	6,895 28	13,937 25	7,041 97		
02-12-08	09-28-10	50,000	Lehman Brothers Holdings Inc MTN BE	50,773 00	10,750 00	-40,023 00		
05-08-08	11-29-10	200 00	0 000% Due 04-25-11 Eaton Corp	17,254 90	19,234 50	1,979 60		

McRae Capital Management
REALIZED GAINS AND LOSSES
Fred Fatzler Foundation
Account #579-661511/20600
From 01-01-10 Through 12-31-10

Open Date	Close Date	Quantity	Security	Cost Basis	Proceeds	Gain Or Loss	
						Short Term	Long Term
06-11-10	11-29-10	100 00	Southern Co	3,267 56	3,734 48	466 92	
06-11-10	11-29-10	800 00	Southern Co	26,140 51	29,938 45	3,797 94	
06-11-10	11-29-10	100 00	Southern Co	3,267 00	3,742 31	475 31	
TOTAL GAINS						4,740 17	39,225 85
TOTAL LOSSES						-264 38	-59,293 58
TOTAL REALIZED GAIN/LOSS						4,475.79	-20,067.73
						<u>(15,591.94)</u>	