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

2010

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		A Employer identification number	
GRAESSER FOUNDATION		23-7246052	
Number and street (or P O box number if mail is not delivered to street address) 2440 E BROADWAY		Room/suite	B Telephone number (520) 791-3939
City or town, state, and ZIP code TUCSON, AZ 85719		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) ► \$ 660,264.	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"/>	
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
1 Contributions, gifts, grants, etc., received			(c) Adjusted net income
2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B			(d) Disbursements for charitable purposes (cash basis only)
3 Interest on savings and temporary cash investments			
4 Dividends and interest from securities	35.	35.	STATEMENT 1
5a Gross rents	46,481.	46,481.	STATEMENT 2
b Net rental income or (loss) _____			
6a Net gain or (loss) from sale of assets not on line 10 Gross sales price for all assets on line 6a _____			
7 Capital gain net income (from Part IV, line 2)		0.	
8 Net short-term capital gain			
9 Income modifications Gross sales less returns and allowances			
10a b Less Cost of goods sold			
c Gross profit or (loss) _____			
11 Other income			
12 Total Add lines 1 through 11	46,516.	46,516.	
RECEIVED MAY 17 2011 IRS-OSC			
Revenue			
13 Compensation of officers, directors, trustees, etc	0.	0.	0.
14 Other employee salaries and wages			
15 Pension plans, employee benefits			
16a Legal fees	995.	249.	746.
b Accounting fees			
c Other professional fees			
17 Interest	471.	0.	0.
18 Taxes			
19 Depreciation and depletion			
20 Occupancy	115.	0.	115.
21 Travel, conferences, and meetings			
22 Printing and publications			
23 Other expenses	5,637.	1,409.	4,228.
24 Total operating and administrative expenses. Add lines 13 through 23	7,218.	1,658.	5,089.
25 Contributions, gifts, grants paid	40,500.		40,500.
26 Total expenses and disbursements Add lines 24 and 25	47,718.	1,658.	45,589.
27 Subtract line 26 from line 12:	-1,202.		
a Excess of revenue over expenses and disbursements			
b Net investment income (if negative, enter -0-)		44,858.	
c Adjusted net income (if negative, enter -0-)			N/A

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
	1 Cash - non-interest-bearing		4,664.	3,462.	3,462.
	2 Savings and temporary cash investments				
	3 Accounts receivable ►				
	Less: allowance for doubtful accounts ►				
	4 Pledges receivable ►				
	Less: allowance for doubtful accounts ►				
	5 Grants receivable				
	6 Receivables due from officers, directors, trustees, and other disqualified persons				
	7 Other notes and loans receivable ►				
	Less: allowance for doubtful accounts ►				
Assets	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments - U.S. and state government obligations	STMT 7	40,005.	40,005.	41,272.
	b Investments - corporate stock	STMT 8	116,092.	116,092.	76,886.
	c Investments - corporate bonds	STMT 9	514,525.	514,525.	538,644.
	11 Investments - land, buildings, and equipment basis ►				
	Less accumulated depreciation ►				
	12 Investments - mortgage loans				
	13 Investments - other				
	14 Land, buildings, and equipment: basis ►				
	Less accumulated depreciation ►				
	15 Other assets (describe ► _____)				
	16 Total assets (to be completed by all filers)		675,286.	674,084.	660,264.
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 ► OTHER _____)		9.	9.	
	23 Total liabilities (add lines 17 through 22)		9.	9.	
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		0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds		675,277.	674,075.	
	30 Total net assets or fund balances		675,277.	674,075.	
	31 Total liabilities and net assets/fund balances		675,286.	674,084.	

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	675,277.
2 Enter amount from Part I, line 27a	2	-1,202.
3 Other increases not included in line 2 (itemize) ►	3	0.
4 Add lines 1, 2, and 3	4	674,075.
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	674,075.

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					
b	NONE				
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					
b					
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) 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					
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		
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		

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	47,680.	563,572.	.084603
2008	46,115.	566,145.	.081454
2007	48,901.	673,483.	.072609
2006	46,476.	681,577.	.068189
2005	41,293.	671,652.	.061480

2 Total of line 1, column (d)

2 .368335

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 .073667

4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5

4 660,640.

5 Multiply line 4 by line 3

5 48,667.

6 Enter 1% of net investment income (1% of Part I, line 27b)

6 449.

7 Add lines 5 and 6

7 49,116.

8 Enter qualifying distributions from Part XII, line 4

8 45,589.

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.	(attach copy of letter if necessary-see instructions)	1	897.
Date of ruling or determination letter: _____			2	0.
1b	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		3	897.
1c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		4	0.
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	5	897.	
3	Add lines 1 and 2			
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			
5	Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-			
6	Credits/Payments:			
6a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	480.	
6b	Exempt foreign organizations - tax withheld at source	6b		
6c	Tax paid with application for extension of time to file (Form 8868)	6c		
6d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	480.	
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	417.	
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 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	
8b		X
9		X
10		X
N/A		
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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) 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 ► **TUCSONFOUNDATIONS.ORG** 13 X

14 The books are in care of ► **FOUNDATION** Telephone no. ► **520-791-3939**
Located at ► **2440 E BROADWAY, TUCSON, AZ** ZIP+4 ► **85719**

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 ► **15**

16 At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ► 16 Yes No
X

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

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

	Yes	No
1a During the year did the foundation (either directly or indirectly)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (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 ► 1b X	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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))	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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 ► 2a N/A	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 instructions.) ► 2b X	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 2c X	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ► 3a N/A	<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) ► 3b X	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? ► 4a X	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

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))?
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
- (3) Provide a grant to an individual for travel, study, or other similar purposes?
- (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)?
- (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 Yes No Yes No Yes No 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



5b

Organizations relying on a current notice regarding disaster assistance check here

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

N/A

 Yes No

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

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

 Yes No

6b

X

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

N/A

7b

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

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

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
ROBERT LOHSE 2440 E BROADWAY TUCSON, AZ 85719	PRESIDENT 2.00	0.	0.	0.
JENNIFER LOHSE 2440 E BROADWAY TUCSON, AZ 85719	VICE-PRESIDENT 2.00	0.	0.	0.
PATRICIA LOHSE 2440 E BROADWAY TUCSON, AZ 85719	TREASURER 2.00	0.	0.	0.
LINDA LOHSE 2440 E BROADWAY TUCSON, AZ 85719	SECRETARY 2.00	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		
3		

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	652,853.
b	Average of monthly cash balances	1b	17,848.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	670,701.
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	670,701.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	10,061.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	660,640.
6	Minimum investment return. Enter 5% of line 5	6	33,032.

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	33,032.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	897.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	897.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	32,135.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	32,135.
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	32,135.

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	45,589.
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	45,589.
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	45,589.

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				32,135.
2 Undistributed income, if any, as of the end of 2010			0.	
a Enter amount for 2009 only				
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005	8,635.			
b From 2006	13,339.			
c From 2007	16,253.			
d From 2008	18,728.			
e From 2009	20,443.			
f Total of lines 3a through e	77,398.			
4 Qualifying distributions for 2010 from Part XII, line 4: ► \$ 45,589.			0.	
a Applied to 2009, but not more than line 2a				
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				32,135.
e Remaining amount distributed out of corpus	13,454.			
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:	90,852.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5		0.		
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	8,635.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	82,217.			
10 Analysis of line 9:				
a Excess from 2006	13,339.			
b Excess from 2007	16,253.			
c Excess from 2008	18,728.			
d Excess from 2009	20,443.			
e Excess from 2010	13,454.			

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 ►

4942(j)(3) or 4942(j)(5)

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	
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:

SEE STATEMENT 10

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

c Any submission deadlines:

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

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
<i>a Paid during the year</i> SEE ATTACHED SCHEDULE	NONE	PUBLIC	SEE ATTACHED SCHEDULE	40,500.
Total			► 3a	40,500.
<i>b Approved for future payment</i>				
NONE				
Total			► 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
BANK OF TUCSON	35.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	35.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
EASTMAN CHEMICAL	28.	0.	28.
MORGAN STANLEY	33,614.	0.	33,614.
RAYMOND JAMES	11,089.	0.	11,089.
STIFEL NICOLAUS	875.	0.	875.
WELLS FARGO ADVISORS (FIRST CLEARING)	875.	0.	875.
TOTAL TO FM 990-PF, PART I, LN 4	46,481.	0.	46,481.

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	995.	249.		746.
TO FORM 990-PF, PG 1, LN 16B	995.	249.		746.

FORM 990-PF TAXES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
EXCISE TAX	471.	0.		0.
TO FORM 990-PF, PG 1, LN 18	471.	0.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
SHARED EXPENSES	5,077.	1,269.		3,808.
DIRECT OFFICE EXPENSES	560.	140.		420.
TO FORM 990-PF, PG 1, LN 23	5,637.	1,409.		4,228.

FOOTNOTES

STATEMENT 6

THE FOUNDATION REIMBURSES THE MULCAHY FOUNDATION FOR THE "SHARED EXPENDITURES" OF A GROUP OF RELATED 501(C)(3) ORGANIZATIONS HOUSED IN THE SAME OFFICE. THIS ARRANGEMENT PROMOTES EFFICIENT ACCOUNTING FOR THE ENTITIES, ELIMINATING THE NEED FOR DUPLICATE PAYROLL FILINGS, ETC. SEE THE MULCAHY FOUNDATION 990 FOR APPROPRIATE DISCLOSURES OF THESE EXPENDITURES, #86-6053461.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS	STATEMENT	7
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DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
MUNICIPAL BONDS PER ATTACHED SCHEDULE		X	40,005.	41,272.
TOTAL U.S. GOVERNMENT OBLIGATIONS				
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS			40,005.	41,272.
TOTAL TO FORM 990-PF, PART II, LINE 10A			40,005.	41,272.

FORM 990-PF	CORPORATE STOCK	STATEMENT	8
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCK PER ATTACHED SCHEDULE	116,092.	76,886.
TOTAL TO FORM 990-PF, PART II, LINE 10B	116,092.	76,886.

FORM 990-PF	CORPORATE BONDS	STATEMENT	9
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
BONDS PER ATTACHED SCHEDULE	514,525.	538,644.
TOTAL TO FORM 990-PF, PART II, LINE 10C	514,525.	538,644.

FORM 990-PF

GRANT APPLICATION SUBMISSION INFORMATION
PART XV, LINES 2A THROUGH 2D

STATEMENT 10

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

LINDA LOHSE
2440 E BROADWAY
TUCSON, AZ 85719

TELEPHONE NUMBER

520-791-3939

FORM AND CONTENT OF APPLICATIONS

A COPY OF THE IRS DETERMINATION LETTER AND A BRIEF DESCRIPTION OF THE
ORGANIZATION'S ACTIVITIES, ALONG WITH A COPY OF THE CURRENT BUDGET.

ANY SUBMISSION DEADLINES

NONE

RESTRICTIONS AND LIMITATIONS ON AWARDS

GRANTS ARE GENERALLY MADE TO ORGANIZATIONS IN THE TUCSON AREA.

GRAESSER FOUNDATION
01/01/2010-12/31/2010
23-7246052

GRANTS MADE

The following listed recipients are public, charitable organizations. No grants are made to individuals nor to relatives of any foundation managers or to any substantial contributor.

Aviva Children's Services 1735 E. Ft. Lowell Tucson, AZ 85719	youth capital funds	10,000.00
Boy Scouts, Catalina Council 5049 E. Broadway Blvd. Tucson, AZ 85711	youth unrestricted funds	2,000.00
Casa de los Ninos 1101 N. 4th Ave. Tucson, AZ 85705	youth unrestricted funds	1,000.00
Friends of Kartchner Caverns P.O. Box 30995 Tucson, AZ 85751-0995	military assistance funds	5,000.00
Honor Flight Arizona 6571 E. Via Algardi Tucson, AZ 85750	veterans program funds	10,000.00
Tucson Met. C of C 465 W. St. Mary's Rd. Tucson, AZ 85701	community unrestricted funds	1,500.00
U of A Foundation University of Arizona Tucson, AZ 85721	education unrestricted funds	10,000.00
YMCA of Southern Arizona P.O. Box 1111 Tucson, AZ 85702	youth unrestricted funds	1,000.00
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	TOTAL	40,500.00

Graesser FMV 2010

Graesser Foundation
 Form 990-PF 12/31/10
 ID# 23-7246052
 Fair Market Values

	A Securities	B COST	C END OF YEAR
1			2010
2	BONDS		
3	Aon Capital-7.125%(27)-25M	\$52,880.00	\$53,751.00
4	Arrow Electronics-11M (6.875-28)	\$10,615.00	\$12,091.53
5	AT&T-50M (6.5-29)	\$49,629.00	\$52,168.50
6	Citizen's Utilities 7.45%(35)-18M	\$17,915.25	\$15,930.00
7	Ford Motor Credit-10M(7.25-11)	\$10,157.50	\$10,335.50
8	Ally Finan.(GMAC)-20M(8-31)	\$20,001.80	\$21,394.00
9	JPMorgan Chase6.95%(36)-12M	\$11,750.25	\$12,040.68
10	Kraft Foods 7%(37)-38M	\$37,934.57	\$44,486.98
11	Las Vegas 7.8%(39)-40M	\$40,004.95	\$41,272.40
12	(Eli) Lilly-25M (7.125-'25)	\$25,564.75	\$31,089.00
13	Motorola-30M(6.5-28)	\$29,779.00	\$29,527.50
14	New York Tel 7%(33)-20M	\$17,254.95	\$20,488.00
15	Provident Co 7%(18)-78M	\$76,360.00	\$84,268.86
16	Sears--50M (7-'11)	\$49,005.00	\$50,250.00
17	Sprint-41M(6.875-28)	\$40,385.49	\$35,875.00
18	United Utilities	\$9,805.00	\$10,659.70
19	US West-25M (7.5-'23)	\$25,802.25	\$24,812.50
20	US West-30M (6.875-'33)	\$29,702.35	\$29,475.00
21	TOTAL	\$554,547.11	\$579,916.15
22	Rounding: (17.35)		
23	STOCKS	GL Balance. \$554,529.76	
24	Blackrock--5,814 Sh	\$86,808.27	\$50,581.80
25	Countrywide Capital 7% (36)-1,000 Sh	\$25,000.00	\$24,600.00
26	Eastman Chemical (16 Sh)	\$0.00	\$1,345.28
27	Eastman Kodak (67 Sh)	\$4,284.00	\$359.12
28	TOTAL	\$116,092.27	\$76,886.20
29			
30	GRAND TOTALS	\$670,622.03	\$656,802.35

Municipal Bond