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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

GRACE FAMILY FOUNDATION, INC.

Number and street (or P O box number if mail is not delivered to street address)

12700 SHELBOURNE ROAD

Room/suite

City or town, state, and ZIP code

CARMEL IN 46032H Check type of organization Section 501(c)(3) exempt private foundation Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at

end of year (from Part II, col (c),

line 16) ► \$ **2,458,377**

(Part I, column (d) must be on cash basis)

J Accounting method

 Cash Accrual Other (specify)

A Employer identification number

27-1162275

B Telephone number (see page 10 of the instructions)

C If exemption application is pending, check here ► D 1. Foreign organizations, check here ►

2. Foreign organizations meeting the

85% test, check here and attach computation ►

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 ► **Part I Analysis of Revenue and Expenses** (The total of
amounts in columns (b), (c), and (d) may not necessarily equal
the amounts in column (a) (see page 11 of the instructions))

		(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 ► <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				
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10				
b	Gross sales price for all assets on line 6a	639,486			
7	Capital gain net income (from Part IV, line 2)			25,256	
8	Net short-term capital gain			25,256	
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	26,656	26,656	26,656	

Revenue	13 Compensation of officers, directors, trustees, etc	0			
	14 Other employee salaries and wages				
	15 Pension plans, employee-benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)				
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (att sch)	58			
	STMT 1				
	24 Total operating and administrative expenses.				
	Add lines 13 through 23	58	0	0	0
	25 Contributions, gifts, grants paid	12,000			12,000
	26 Total expenses and disbursements. Add lines 24 and 25	12,058	0	0	12,000
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	14,598			
	b Net investment income (if negative, enter -0-)		26,656		
	c Adjusted net income (if negative, enter -0-)			26,656	

6/4

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing			
	2	Savings and temporary cash investments		223,602	223,602
	3	Accounts receivable ►			
		Less allowance for doubtful accounts ►			
	4	Pledges receivable ►			
		Less allowance for doubtful accounts ►			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)	0		
	7	Other notes and loans receivable (att. schedule) ►			
		Less allowance for doubtful accounts ►	0		
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U.S. and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule)	SEE STMT 2	1,802,503	2,234,775
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment basis ►			
		Less accumulated depreciation (attach sch.) ►			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)			
	14	Land, buildings, and equipment basis ►			
		Less accumulated depreciation (attach sch.) ►			
	15	Other assets (describe ►))		
	16	Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	0	2,026,105	2,458,377
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 ►))	0	0
	23	Total liabilities (add lines 17 through 22)		0	0
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24	Unrestricted		2,026,105	
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ► <input type="checkbox"/> 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 page 17 of the instructions)	0	2,026,105	
	31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	0	2,026,105	

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	0
2	Enter amount from Part I, line 27a	2	14,598
3	Other increases not included in line 2 (itemize) ► SEE STATEMENT 3	3	2,011,507
4	Add lines 1, 2, and 3	4	2,026,105
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	2,026,105

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a SEE WORKSHEET				
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				
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	25,256
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 pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8		3	25,256
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 N/A				
Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? <input type="checkbox"/> Yes <input type="checkbox"/> 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 page 18 of the 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				
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 on page 18				

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the 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	533
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	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	533
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	533
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	541
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments Add lines 6a through 6d	7	541
8	Enter any penalty for underpayment of estimated tax Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	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	
11	Enter the amount of line 10 to be Credited to 2011 estimated tax ►	11	Refunded ►

Part VII-A Statements Regarding Activities

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?	Yes	No
1a		X	
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of 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
1b			X
1c	Did the foundation file Form 1120-POL for this year?		X
1c			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	2	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	3	X
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	4b	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T	5	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?	6	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	7	X
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ► IN		
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	8b	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 on page 27)? If "Yes," complete Part XIV	9	X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10	X

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 page 20 of the 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 ► JULIE LENAHAN 107 N. PENNSYLVANIA ST. STE 500 Located at ► INDIANAPOLIS	IN	Telephone no ► 317-261-9206	ZIP+4 ► 46204
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 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	N/A	► □
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	
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 ► 20 , 20 , 20 , 20		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 22 of the instructions)	N/A	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20 , 20 , 20 , 20		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010)	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	X

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

5a	During the year did the foundation pay or incur any amount to				
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
(3) Provide a grant to an individual for travel, study, or other similar purposes?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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 page 22 of the instructions)		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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 page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here		N/A	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? If "Yes," attach the statement required by Regulations section 53 4945-5(d)	N/A	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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				
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	7b	
b	If Yes, did the foundation receive any proceeds or have any net income attributable to the transaction?		N/A		

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of 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 compensation	(e) Expense account, other allowances
SEE STATEMENT 4				

**2 Compensation of five highest-paid employees (other than those included on line 1 — see page 23 of 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

▶ 0

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

3 Five highest-paid independent contractors for professional services (see page 23 of 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 information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc

Expenses

1 **N/A**

2

3

4

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

Amount

1 **N/A**

2

All other program-related investments. See page 24 of the instructions

3

Total. Add lines 1 through 3 ►

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of 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	202,758
b	Average of monthly cash balances	1b	0
c	Fair market value of all other assets (see page 25 of the instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	202,758
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	202,758
4	Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	3,041
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	199,717
6	Minimum investment return. Enter 5% of line 5	6	9,986

Part XI Distributable Amount (see page 25 of 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	9,986
2a	Tax on investment income for 2010 from Part VI, line 5	2a	533
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	533
3	Distributable amount before adjustments Subtract line 2c from line 1	3	9,453
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	9,453
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	9,453

Part XII Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes	1a	12,000
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1b	
b	Program-related investments—total from Part IX-B	2	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	3a	
3	Amounts set aside for specific charitable projects that satisfy the	3b	
a	Suitability test (prior IRS approval required)	4	12,000
b	Cash distribution test (attach the required schedule)	5	0
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	6	12,000
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 26 of the instructions)		
6	Adjusted qualifying distributions. Subtract line 5 from line 4		

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 page 26 of 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 years 20____, 20____, 20____				
3 Excess distributions 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>12,000</u>				
a Applied to 2009, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2010 distributable amount				
e Remaining amount distributed out of corpus	<u>12,000</u>			
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:	<u>12,000</u>			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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 page 27 of the instructions				
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount—see page 27 of 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 page 27 of the instructions)				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	<u>12,000</u>			
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	<u>12,000</u>			

Part XIV Private Operating Foundations (see page 27 of 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				► 09/30/09																																																	
b	Check box to indicate whether the foundation is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)																																																					
2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed				<table border="1"> <thead> <tr> <th rowspan="2">Tax year</th> <th colspan="3">Prior 3 years</th> <th rowspan="2">(e) Total</th> </tr> <tr> <th>(a) 2010</th> <th>(b) 2009</th> <th>(c) 2008</th> <th>(d) 2007</th> </tr> </thead> <tbody> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> </tbody> </table>	Tax year	Prior 3 years			(e) Total	(a) 2010	(b) 2009	(c) 2008	(d) 2007																																								
Tax year	Prior 3 years			(e) Total																																																		
	(a) 2010	(b) 2009	(c) 2008			(d) 2007																																																
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 page 28 of 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))			
N/A				
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			
N/A				
2	Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:			
Check here ► <input checked="" type="checkbox"/> 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 page 28 of 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			
N/A				
b	The form in which applications should be submitted and information and materials they should include			
N/A				
c	Any submission deadlines			
N/A				
d	Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors			
N/A				

Part XV Supplementary Information (continued)

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
AMANI CHILDREN'S FOUND. 3279 ROBINHOOD RD WINSTON-SALEM NC 27106			EDUCATION	1,000
BREBEUF JESUIT PREP SCH. 2801 W 86TH ST INDIANAPOLIS IN 46268			EDUCATION	2,000
BRICK STREET POETRY 9838 BARTH DR ZIONSVILLE IN 46077			EDUCATION	1,000
CHRISTIAN THEOLOGICAL SEM 1000 W 42ND ST INDIANAPOLIS IN 46208			EDUCATION	1,000
EASTER SEALS CROSSROADS 4740 KINGSWAY DR INDIANAPOLIS IN 46205			EDUCATION	1,000
EITELJORG MUSEUM 500 W WASHINGTON ST INDIANAPOLIS IN 46204			EDUCATION	1,000
INDIANAPOLIS ART CENTER 820 E 67TH ST INDIANAPOLIS IN 46220			EDUCATION	2,000
INDIANAPOLIS ZOOLOGICAL 1200 W. WASHINGTON ST INDIANAPOLIS IN 46220			EDUCATION	1,000
THE JULIAN CENTER 2011 N MERIDIAN ST INDIANAPOLIS IN 46202			EDUCATION	1,000
THE ORCHARD SCHOOL 615 W 64TH ST INDIANAPOLIS IN 46260			EDUCATION	1,000
Total			► 3a	12,000
b Approved for future payment N/A				
Total			► 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income (See page 28 of the instructions)
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities				14	1,400
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory				18	25,256
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)		0		26,656	0
13 Total. Add line 12, columns (b), (d), and (e)				13	26,656

(See worksheet in line 13 instructions on page 29 to verify calculations)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See page 29 of the instructions)
N/A	

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

	Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a Transfers from the reporting foundation to a noncharitable exempt organization of		
(1) Cash	1a(1)	X
(2) Other assets	1a(2)	X
b Other transactions		
(1) Sales of assets to a noncharitable exempt organization	1b(1)	X
(2) Purchases of assets from a noncharitable exempt organization	1b(2)	X
(3) Rental of facilities, equipment, or other assets	1b(3)	X
(4) Reimbursement arrangements	1b(4)	X
(5) Loans or loan guarantees	1b(5)	X
(6) Performance of services or membership or fundraising solicitations	1b(6)	X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	X
d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received		

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Signature of officer or trustee

1011412010

President

Date

Title

Paid Preparer	Print/Type preparer's name STEVEN R. IMLER, CPA	Preparer's signature 	Date 10/13/11	Check <input type="checkbox"/> if self-employed
Use Only	Firm's name ► ENT : IMLER CPA, PC	PTIN P00270201		
	Firm's address ► 8555 N RIVER RD STE 300 INDIANAPOLIS, IN 46240	Firm's EIN ► 35-1899280	Phone no 317-842-4466	

Capital Gains and Losses for Tax on Investment Income

Form **990-PF**

2010

For calendar year 2010, or tax year beginning

, and ending

Name

GRACE FAMILY FOUNDATION, INC.

Employer Identification Number

27-1162275

(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) APPLE	D	11/21/10	12/22/10
(2) CHURCH & DWIGHT	D	11/21/10	12/22/10
(3) COSTCO	D	11/21/10	12/22/10
(4) DANAHER CORP	D	11/21/10	12/22/10
(5) EMC CORP	D	11/21/10	12/22/10
(6) ECOLAB	D	11/21/10	12/22/10
(7) EXXON MOBIL	D	11/21/10	12/22/10
(8) HARRIS CORP	D	11/21/10	12/22/10
(9) INTERNATIONAL BUSINESS	D	11/21/10	12/22/10
(10) JP MORGAN	D	11/21/10	12/22/10
(11) MCDONALDS	D	11/21/10	12/22/10
(12) MEDCO HEALTH	D	11/21/10	12/22/10
(13) METLIFE	D	11/21/10	12/22/10
(14) MICROSOFT	D	11/21/10	12/22/10
(15) NOBLE ENERGY	D	11/21/10	12/29/10

(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)
(1) 29,210		27,759	1,451
(2) 11,042		10,271	771
(3) 17,742		16,337	1,405
(4) 12,409		11,326	1,083
(5) 22,633		21,359	1,274
(6) 46,815		45,810	1,005
(7) 32,216		31,147	1,069
(8) 47,901		48,606	-705
(9) 17,963		17,756	207
(10) 5,900		5,552	348
(11) 49,593		50,968	-1,375
(12) 12,389		12,060	329
(13) 15,560		13,553	2,007
(14) 24,384		22,350	2,034
(15) 26,237		24,917	1,320

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
(1)			1,451
(2)			771
(3)			1,405
(4)			1,083
(5)			1,274
(6)			1,005
(7)			1,069
(8)			-705
(9)			207
(10)			348
(11)			-1,375
(12)			329
(13)			2,007
(14)			2,034
(15)			1,320

Capital Gains and Losses for Tax on Investment Income

Form **990-PF**

2010

For calendar year 2010, or tax year beginning

, and ending

Name

GRACE FAMILY FOUNDATION, INC.

Employer Identification Number

27-1162275

(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) PEPSICO	D	11/21/10	12/22/10
(2) PRAXAIR	D	11/21/10	12/22/10
(3) PROCTOR & GAMBLE	D	11/21/10	12/22/10
(4) QUANTA SVCS	D	11/21/10	12/22/10
(5) SCHLUMBERGER LTD	D	11/21/10	12/22/10
(6) SELECT SECTOR SPDR	D	11/21/10	12/22/10
(7) STERICYCLE INC	D	11/21/10	12/22/10
(8) THERMO FISHER SCIENTIFIC	D	11/21/10	12/22/10
(9) VISA INC COM CL A	D	11/21/10	12/22/10
(10) WAL MART STORES	D	11/21/10	12/22/10
(11) WALGREEN CO	D	11/21/10	12/22/10
(12) WELLS FARGO & CO	D	11/21/10	12/22/10
(13)			
(14)			
(15)			

(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)
(1) 9,906		9,845	61
(2) 22,498		21,681	817
(3) 3,357		3,329	28
(4) 31,494		28,426	3,068
(5) 24,877		22,650	2,227
(6) 22,790		21,822	968
(7) 8,800		7,866	934
(8) 16,131		14,914	1,217
(9) 32,618		36,623	-4,005
(10) 27,889		28,340	-451
(11) 35,798		31,425	4,373
(12) 31,334		27,538	3,796
(13)			
(14)			
(15)			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(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	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(1)			61
(2)			817
(3)			28
(4)			3,068
(5)			2,227
(6)			968
(7)			934
(8)			1,217
(9)			-4,005
(10)			-451
(11)			4,373
(12)			3,796
(13)			
(14)			
(15)			

27-1162275

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
EXPENSES				\$
NBI MANAGEMENT FEE	5.8			
TOTAL	5.8	0	0	\$

27-1162275

Federal Statements**Statement 2 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments**

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
			COST	\$ 2,234,775
CORPORATE STOCKS	\$ 1,802,503	\$ 1,802,503		
TOTAL	\$ 0	\$ 0		

			\$ 2,234,775
			\$ 2,234,775

Federal Statements**Statement 3 - Form 990-PF, Part III, Line 3 - Other Increases**

<u>Description</u>	<u>Amount</u>
TRANSFER FROM THE W.C. GRIFFITH FOUNDATION	\$ 2,011,507
TOTAL	<u>\$ 2,011,507</u>

Federal Statements**Statement 4 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees, Etc.**

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
ANDREW T. BURNS 12700 SHELBURNE ROAD CARMEL IN 46032	DIRECTOR	1.00	0	0	0
RUTHELLEN G. BURNS 12700 SHELBURNE ROAD CARMEL IN 46032	DIRECTOR	1.00	0	0	0
ANDREW G. BURNS 12700 SHELBURNE ROAD CARMEL IN 46032	DIRECTOR	1.00	0	0	0
JOHN C. BURNS 12700 SHELBURNE ROAD CARMEL IN 46032	DIRECTOR	1.00	0	0	0
GRACE E. BURNS 12700 SHELBURNE ROAD CARMEL IN 46032	DIRECTOR	1.00	0	0	0