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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

North Star FoundationNumber and street (or P O box number if mail is not delivered to street address) **130 West Superior Street Suite 914** Room/suite

City or town, state, and ZIP code

Duluth MN 55802

H 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) ► **\$ 1,864,422** (Part I, column (d) must be on cash basis) J Accounting method Cash Accrual
 Other (specify)

A Employer identification number
41-1894264

B Telephone number (see page 10 of the instructions)
218-722-3112

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)	Revenue				
2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments		787	787		
4 Dividends and interest from securities		32,643	32,643		
5a Gross rents					
b Net rental income or (loss)		-64,205			
6a Net gain or (loss) from sale of assets not on line 10		28,830			
b Gross sales price for all assets on line 6a		285,048			
7 Capital gain net income (from Part IV, line 2)			28,830		
8 Net short-term capital gain				0	
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)	Stmt 1	36,504			
12 Total Add lines 1 through 11		98,764	62,260	0	
13 Compensation of officers, directors, trustees, etc	Operating and Administrative Expenses	0			
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees (attach schedule)					
b Accounting fees (attach schedule)		5,768	5,768		
c Other professional fees (attach schedule)					
17 Interest					
18 Taxes (attach schedule) (see page 14 of the instructions)					
19 Depreciation (attach schedule) and depletion	Stmt 3				
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses (att sch)	Stmt 4	83,714	83,689		
24 Total operating and administrative expenses.		89,482	89,457	0	0
Add lines 13 through 23					
25 Contributions, gifts, grants paid		100,000			100,000
26 Total expenses and disbursements. Add lines 24 and 25		189,482	89,457	0	100,000
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements		-90,718			
b Net investment income (if negative, enter -0-)			0		
c Adjusted net income (if negative, enter -0-)				0	

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
1	Cash—non-interest-bearing				
2	Savings and temporary cash investments		913,197	275,524	275,524
3	Accounts receivable ►	1,567		1,567	1,567
	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)				
7	Other notes and loans receivable (attach schedule) ►	0			
	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 (attach schedule)				
b	Investments—corporate stock (attach schedule)	See Stmt 5		244,574	257,686
c	Investments—corporate bonds (attach schedule)				
11	Investments—land, buildings, and equipment basis ►	1,815,859			
	Less accumulated depreciation (attach sch) ► Stmt 6	162,728	1,683,439	1,653,131	737,000
12	Investments—mortgage loans				
13	Investments—other (attach schedule) See Statement 7		301,498	525,243	529,180
14	Land, buildings, and equipment basis ►	3,426			
	Less accumulated depreciation (attach sch) ► Stmt 8	3,426			1,000
15	Other assets (describe ► See Statement 9)		55,088	62,465	62,465
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item l)		2,953,222	2,762,504	1,864,422
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) See Worksheet		100,000		
22	Other liabilities (describe ►)				
23	Total liabilities (add lines 17 through 22)		100,000	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				
Net Assets or Fund Balances	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				
28	Paid-in or capital surplus, or land, bldg., and equipment fund				
29	Retained earnings, accumulated income, endowment, or other funds		2,853,222	2,762,504	
30	Total net assets or fund balances (see page 17 of the instructions)		2,853,222	2,762,504	
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)		2,953,222	2,762,504	

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	2,853,222
2	Enter amount from Part I, line 27a	2	-90,718
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	2,762,504
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	2,762,504

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 5000 shrs PPL Corporation		P	06/23/10	08/04/10
b Merrill ST Summary		P	Various	Various
c NA Market Neutral Fund ST gains		P	Various	Various
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 137,096		122,306	14,790	
b 132,310		133,912	-1,602	
c 15,642			15,642	
d				
e				
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))	
a			14,790	
b			-1,602	
c			15,642	
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	28,830
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	28,830

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

 Yes No

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

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	242,291	2,203,410	0.109962
2008	80,800	2,598,517	0.031095
2007	109,270	3,557,791	0.030713
2006	136,099	3,800,087	0.035815
2005	123,536	3,930,371	0.031431

2 Total of line 1, column (d)

2 0.239016

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 0.047803

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

4 1,930,134

5 Multiply line 4 by line 3

5 92,266

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

6

7 Add lines 5 and 6

7 92,266

8 Enter qualifying distributions from Part XII, line 4

8 100,000

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions 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
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	
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-)	
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	
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a 6b 6c 6d
b	Exempt foreign organizations—tax withheld at source	
c	Tax paid with application for extension of time to file (Form 8868)	
d	Backup withholding erroneously withheld	
7	Total credits and payments Add lines 6a through 6d	7 8 9 10
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	
9	Tax due If the total of lines 5 and 8 is more than line 7, enter amount owed	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	
11	Enter the amount of line 10 to be Credited to 2011 estimated tax ► 1,349	Refunded ► 11

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 X 1b 1c 2 3 4a 4b 5 6 7 8b 9 10
b	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	
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 ► \$ _____ (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	
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 page 19 of the instructions) ► MN	
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 on page 27)? 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 page 20 of the instructions)	11		<input checked="" type="checkbox"/>
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		<input checked="" type="checkbox"/>
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 ► Gerald Dodd 104 West Superior Street	Telephone no ► 218-722-3112		
	Located at ► Duluth	MN	ZIP+4 ► 55802	
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

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"/>	<input checked="" type="checkbox"/> Yes
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes
(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"/>	<input checked="" type="checkbox"/> Yes
(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"/>	<input checked="" type="checkbox"/> Yes
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"/>	<input checked="" type="checkbox"/> Yes
	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	2b	
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"/>	<input checked="" type="checkbox"/> Yes
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?	3b	
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?	4a □ X	
		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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(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?	N/A	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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		6b	X
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		
b	If Yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	7b	

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

1 List all officers, directors, trustees, foundation managers and their compensation (see 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
Gerald S Dodd 2530 East 7th Street	Duluth MN 55812	President 1 00	0	0
Nancy Seitz Dodd 2530 East 7th Street	Duluth MN 55812	Director 1 00	0	0

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	282,288
b	Average of monthly cash balances	1b	464,589
c	Fair market value of all other assets (see page 25 of the instructions)	1c	1,212,650
d	Total (add lines 1a, b, and c)	1d	1,959,527
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	1,959,527
4	Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	29,393
5	Net value of noncharitable-use assets Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,930,134
6	Minimum investment return. Enter 5% of line 5	6	96,507

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	96,507
2a	Tax on investment income for 2010 from Part VI, line 5	2a	
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments Subtract line 2c from line 1	3	96,507
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	96,507
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	96,507

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

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes	1a	100,000
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	100,000
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	100,000
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				96,507
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			99,277	
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 ► \$ 100,000				
a Applied to 2009, but not more than line 2a			99,277	
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				723
e Remaining amount distributed out of corpus				
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:				
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				95,784
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				
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				

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 See Statement 10				100,000
Total			► 3a	100,000
b Approved for future payment N/A				
Total			► 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514	(e) Related or exempt function income (See page 28 of the instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	
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				14	787
4 Dividends and interest from securities				14	32,643
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property				16	-64,205
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					28,830
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a					
b <u>Incr in CSV of Life Ins</u>				18	7,377
c <u>Federal tax refund</u>				1	29,127
d					
e					
12 Subtotal Add columns (b), (d), and (e)			0	5,729	28,830
13 Total Add line 12, columns (b), (d), and (e)				13	34,559

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

13 Total Add line 12, columns (b), (d), and (e) 13 34,559

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

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

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

(2) Other assets

b Other transactions

(1) Sales of assets to a noncharitable exempt organization

(2) Purchases of assets from a noncharitable exempt organization

(3) Rental of facilities, equipment, or other assets

(4) Reimbursement arrangements

(5) Loans or loan guarantees

(6) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

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 X 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

Date

Title

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	William R. Seitz	William R. Seitz	05/17/11	
	Firm's name ► <u>Kolquist, Seitz & Goldman, LLC</u>	PTIN		
Firm's address ► <u>130 W Superior St Ste 926 Duluth, MN 55802-2056</u>	Firm's EIN ►			
	Phone no	<u>218-727-8030</u>		

Depreciation and Amortization
(Including Information on Listed Property)

2010

Name(s) shown on return

North Star Foundation

Identifying number
41-1894264

Business or activity to which this form relates

Residential Rental - FL

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property Instead, use Part V

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17	30,309
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ►		

Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

20a	Class life					S/L	
b	12-year			12 yrs		S/L	
c	40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	30,309
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2010)

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

Name

North Star Foundation

Employer Identification Number

41-1894264**Form 990-PF, Part II, Line 21 - Additional Information**

	Name of lender	Relationship to disqualified person
(1)	Gerald Dodd	
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)	100,000	12/14/09		Payable on Demand	0.000
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

	Security provided by borrower	Purpose of loan
(1)		Advance for cash flow
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1)		100,000	
(2)			
(3)			
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
Totals		100,000	

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
Incr in CSV of Life Ins	\$ 7,377	\$	\$
Federal tax refund	29,127		
Total	<u><u>\$ 36,504</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Statement 2 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Account and Tax Prep	\$ 5,540	\$ 5,540	\$	\$
Account and Tax Prep-K-1	228	228		
Total	<u><u>\$ 5,768</u></u>	<u><u>\$ 5,768</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Statement 3 - Form 990-PF, Part I, Line 19 - Depreciation

Date Acquired	Cost Basis	Prior Year Depreciation	Method	Life	Current Year Depreciation	Net Investment Income	Adjusted Net Income
Computer - Jeff's 2/11/04	\$ 2,568	\$ 2,568	S/L	5	\$	\$	\$
Computer 6/01/05	858	858	S/L	5	\$	\$	\$
Total	<u><u>\$ 3,426</u></u>	<u><u>\$ 3,426</u></u>		<u><u>0</u></u>	<u><u>\$ 0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Statement 4 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Residential Rental - FL				
Association Dues	4,000	4,000		
Miscellaneous	1,382	1,382		
Security	1,479	1,479		
Bank Charges	57	57		

Federal Statements

Statement 4 - Form 990-PF, Part I, Line 23 - Other Expenses (continued)

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Insurance	\$ 2,621	\$ 2,621	\$	\$
Cleaning / Maintenance	4,730	4,730		
Repairs	898	898		
Real Estate Taxes	13,994	13,994		
Utilities	4,735	4,735		
Investment Depreciation	30,309	30,309		
Expenses				
State Filing Fee	25	25		
Investment Int - NAM Mkt Neut	2,917	2,917		
Dividends paid on short sales	14,122	14,122		
Merrill Fees	2,445	2,445		
Total	\$ 83,714	\$ 83,689	\$ 0	\$ 0

Federal Statements**Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments**

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
			Cost	\$
Mutual Funds - Merrill Account	\$ 0	\$ 244,574		\$ 257,686
Total	\$ 0	\$ 244,574		\$ 257,686

Statement 6 - Form 990-PF, Part II, Line 11 - Land, Building, and Equipment Investments

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
				\$
Buildings	\$ 815,371	\$ 908,320	\$ 115,678	\$ 401,500
Furniture & Fixtures	18,068	52,184	41,695	34,500
Land	850,000	850,000		300,000
Machinery & Equipment		5,355	5,355	1,000
Total	\$ 1,683,439	\$ 1,815,859	\$ 162,728	\$ 737,000

Statement 7 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
			Cost	\$
NAM Market Neutral Fund	\$ 301,498	\$ 525,243		\$ 529,180
Total	\$ 301,498	\$ 525,243		\$ 529,180

Statement 8 - Form 990-PF, Part II, Line 14 - Land, Building, and Equipment

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
				\$
Machinery & Equipment	\$ 0	\$ 3,426	\$ 3,426	\$ 1,000
Total	\$ 0	\$ 3,426	\$ 3,426	\$ 1,000

Federal Statements**Statement 9 - Form 990-PF, Part II, Line 15 - Other Assets**

Description	Beginning of Year	End of Year	Fair Market Value
CSV - Life Insurance	\$ 55,088	\$ 62,465	\$ 62,465
Total	\$ 55,088	\$ 62,465	\$ 62,465

Federal Statements

Statement 10 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

Name	Address	Relationship	Status	Purpose	Amount
Evans Scholarship Fund Duluth MN	None	501 (c)	General Use	1,000	
UCA Duluth MN	None	501 (c)	General Use	1,000	
Duluth Legacy Duluth MN	None	501 (c)	General Use	7,500	
Duluth Childrens Museum Duluth MN	None	501 (c)	General Use	7,500	
Land Trust Duluth MN	None	501 (c)	General Use	7,500	
DSSO Duluth MN	None	501 (c)	General Use	1,000	
Holy Rosary School Duluth MN	None	501 (c)	General Use	5,000	
Marshall School Duluth MN	None	501 (c)	General Use	8,000	
Woodland Hills Duluth MN	None	501 (c)	General Use	7,500	
Duluth Playhouse Duluth MN	None	501 (c)	General Use	3,000	
Benedictine Health Center Duluth MN	None	501 (c)	General Use	3,000	
CHUM Duluth MN	None	501 (c)	General Use	3,000	
United Way Duluth MN	None	501 (c)	General Use	7,000	
Little Treasures Duluth MN	None	501 (c)	General Use	500	
Holy Rosary Church Duluth MN	None	501 (c)	General Use	2,000	
Damiano Center Duluth MN	None	501 (c)	General Use	2,000	
ARC Duluth MN	None	501 (c)	General Use	5,000	
Boys and Girls Club Duluth MN	None	501 (c)	General Use	10,000	
Scottish Rite Foundation Duluth MN	None	501 (c)	General Use	5,000	

Federal Statements

Statement 10 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name	Address	Relationship	Status	Purpose	Amount
Miller Dwan foundation Duluth MN	None	501 (c)	General Use		7,500
Mayo Clinic Rochester MN	None	501 (c)	General Use		3,000
2nd Harvest Food Bank Duluth MN	None	501 (c)	General Use		3,000
Total					<u><u>100,000</u></u>