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Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2010

For calendar year 2010, or tax year beginning 01-01-2010 , and ending 12-31-2010

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
KEYSTONE NAZARETH CHARITABLE FOUNDATION

A Employer identification number
42-1607170

Number and street (or P O box number if mail is not delivered to street address) Room/suite
90 HIGHLAND AVENUE

B Telephone number (see page 10 of the instructions)
(610) 746-7310

City or town, state, and ZIP code
BETHLEHEM, PA 18017

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 ▶ ☐

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)* ▶$ 12,434,981

J Accounting method ☑ Cash ☐ Accrual
☐ Other (specify) _
(Part I, column (d) must be on cash basis.)

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)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)				
	2	Check ▶ ☑ if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	22,394	22,394	22,394	
	4	Dividends and interest from securities	80,135	80,135	80,135	
	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				
	7	Capital gain net income (from Part IV, line 2)		0		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	102,529	102,529	102,529	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	14,900	14,900	14,900	
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule)	1,950	1,950	1,950	
	c	Other professional fees (attach schedule)	27,887	27,887	27,887	
	17	Interest				
	18	Taxes (attach schedule) (see page 14 of the instructions)	1,521			
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	4,352			4,352
	24	**Total operating and administrative expenses.** Add lines 13 through 23	50,610	44,737	44,737	4,352
	25	Contributions, gifts, grants paid	476,800			476,800
	26	**Total expenses and disbursements.** Add lines 24 and 25	527,410	44,737	44,737	481,152
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	-424,881			
	b	**Net investment income** (if negative, enter -0-)		57,792		
	c	**Adjusted net income** (if negative, enter -0-)			57,792	

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 (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets				
1	Cash—non-interest-bearing			
2	Savings and temporary cash investments	104,239	820,017	820,017
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)			
7	Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges			
10a	Investments—U S and state government obligations (attach schedule)			
b	Investments—corporate stock (attach schedule)	14,791,611	12,889,255	11,600,483
c	Investments—corporate bonds (attach schedule)			
11	Investments—land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
12	Investments—mortgage loans			
13	Investments—other (attach schedule)			
14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
15	Other assets (describe ▶)	1,002	14,481	14,481
16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	14,896,852	13,723,753	12,434,981
Liabilities				
17	Accounts payable and accrued expenses			
18	Grants payable			
19	Deferred revenue			
20	Loans from officers, directors, trustees, and other disqualified persons			
21	Mortgages and other notes payable (attach schedule)			
22	Other liabilities (describe ▶)			
23	**Total liabilities** (add lines 17 through 22)		0	
Net Assets or Fund Balances				
	Foundations that follow SFAS 117, check here ▶ ☑ and complete lines 24 through 26 and lines 30 and 31.			
24	Unrestricted	14,896,852	13,723,753	
25	Temporarily restricted			
26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
27	Capital stock, trust principal, or current funds			
28	Paid-in or capital surplus, or land, bldg , and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds			
30	**Total net assets or fund balances** (see page 17 of the instructions)	14,896,852	13,723,753	
31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	14,896,852	13,723,753	

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	14,896,852
2	Enter amount from Part I, line 27a	2	-424,881
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	14,471,971
5	Decreases not included in line 2 (itemize) ▶	5	748,218
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	13,723,753

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1 a	SEE ATTACHED LIST	D	2003-10-21	2010-06-30
b	SEE ATTACHED LIST	P	2010-06-30	2010-06-30
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	2,526,825	0	3,319,010	-792,185
b	526,856	0	482,889	43,967
c				
d				
e				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) **or** Losses (from col (h))
	(i) 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	0	0	0	-792,185
b	0	0	0	43,967
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	-748,218
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	

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 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	509,544	10,886,482	0 046805
2008	1,194,317	23,976,312	0 049812
2007	1,211,896	22,994,536	0 052704
2006	1,266,172	25,176,230	0 050292
2005	1,231,840	24,282,483	0 050730

2	**Total** of line 1, column (d).	2	0 250343
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 050069
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5.	4	11,111,342
5	Multiply line 4 by line 3.	5	556,334
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	578
7	Add lines 5 and 6.	7	556,912
8	Enter qualifying distributions from Part XII, line 4.	8	481,152

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 ▶ ☐ and enter "N/A" on line 1				
	Date of ruling or determination letter ________ **(attach copy of letter if necessary–see instructions)**				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b			1	1,156
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	1,156
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-			5	1,156
6	Credits/Payments				
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	15,637		
b	Exempt foreign organizations—tax withheld at source	6b			
c	Tax paid with application for extension of time to file (Form 8868)	6c			
d	Backup withholding erroneously withheld	6d			
7	Total credits and payments Add lines 6a through 6d			7	15,637
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached			8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	14,481
11	Enter the amount of line 10 to be **Credited to 2011 estimated tax** ▶ 14,481	**Refunded** ▶		11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		No
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)?	1b		No
	*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?	1c		No
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		No
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		No
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		No
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		No
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		No
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	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ ________			
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		No
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		No
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		No

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		No
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	

Website address ▶N/A

14 The books are in care of ▶NATIONAL PENN INVESTORS TRUST Telephone no ▶(610) 366-9939

Located at ▶1620 POND ROAD ALLENTOWN PA ZIP+4 ▶18104

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?	16		No

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 ▶

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

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

			Yes	No
1a	During the year did the foundation (either directly or indirectly)			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☑ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☑ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☑ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☑ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☑ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). ☐ Yes ☑ No			
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?	1b		
	Organizations relying on a current notice regarding disaster assistance check here. ▶ ☐			
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		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))			
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? ☐ Yes ☑ 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 20 of the instructions)	2b		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 ▶ 20____, 20____, 20____, 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 2010 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969, **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.)*	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		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		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))? ☐ Yes ☑ No			
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☑ No			
	(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☑ No			
	(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☑ No			
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☑ No			
b	If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)?	**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? ☐ Yes ☐ No			
	If "Yes," attach the statement required by Regulations section 53.4945–5(d).			
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☑ No			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	**6b**		No
	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? ☐ Yes ☑ No			
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	**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
See Additional Data Table				

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 . . . . ▶		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	
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	
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	10,877,135
b	Average of monthly cash balances	1b	403,415
c	Fair market value of all other assets (see page 24 of the instructions)	1c	0
d	**Total** (add lines 1a, b, and c)	1d	11,280,550
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	11,280,550
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions)	4	169,208
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	11,111,342
6	**Minimum investment return.** Enter 5% of line 5	6	555,567

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	555,567
2a	Tax on investment income for 2010 from Part VI, line 5	2a	1,156		
b	Income tax for 2010 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	1,156
3	Distributable amount before adjustments Subtract line 2c from line 1			3	554,411
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	554,411
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	554,411

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

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes		
a	Expenses, contributions, gifts, etc —total from Part I, column (d), line 26	1a	481,152
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	481,152
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)	5	
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	481,152

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				554,411
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only.			540,329	
b Total for prior years 2008 , 20___ , 20___		183,863		
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 ▶ $ 481,152				
a Applied to 2009, but not more than line 2a			481,152	
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				
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		183,863		
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 . . .		183,863		
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions			59,177	
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				554,411
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 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. . . . . . . ▶

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2010	**(b)** 2009	**(c)** 2008	**(d)** 2007	**(e) Total**
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon **a** "Assets" alternative test—enter **(1)** Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed. . .					
c "Support" alternative test—enter **(1)** Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii). . . .					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see page 27 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))

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see 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

BOARD OF DIRECTORS KEYSTONE NAZARET
90 HIGHLAND AVENUE
BETHLEHEM,PA 18017
(610) 861-5002

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

WRITTEN

c Any submission deadlines

NO

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

NO

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
SEE LIST ATTACHED, PA 18064		SEE LIST	SEE LIST	476,800
Total . . . . ▶ **3a**				476,800
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

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	(d) Amount	
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	22,394	
4 Dividends and interest from securities			14	80,135	
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	-748,218	
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)				-645,689	

13 **Total.** Add line 12, columns (b), (d), and (e) . . . . 13 -645,689

(See worksheet in line 13 instructions on page 28 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 organization's exempt purposes (other than by providing funds for such purposes) (See page 28 of the instructions)

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)**		No
	(2) Other assets	**1a(2)**		No
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization	**1b(1)**		No
	(2) Purchases of assets from a noncharitable exempt organization	**1b(2)**		No
	(3) Rental of facilities, equipment, or other assets	**1b(3)**		No
	(4) Reimbursement arrangements	**1b(4)**		No
	(5) Loans or loan guarantees	**1b(5)**		No
	(6) Performance of services or membership or fundraising solicitations	**1b(6)**		No
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	**1c**		No

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

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

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

******	2011-05-06	******
Signature of officer or trustee	Date	Title

Paid Preparer's Use Only

Preparer's Signature SCOTT R FLEMING	Date 2011-08-09	Check if self-employed ☐	PTIN
Firm's name PALMER AND COMPANY		Firm's EIN	
Firm's address 40 SOUTH 4TH STREET EASTON, PA 18042		Phone no (610) 258-0401	

Additional Data

Software ID:
Software Version:
EIN: 42-1607170
Name: KEYSTONE NAZARETH CHARITABLE FOUNDATION

Form 990PF Part VIII Line 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
JEFFREY P FEATHER 90 HIGHLAND AVE BETHLEHEM, PA 18017	CHAIRMAN 2 00	4,700	0	0
MICHELE A LINSKY 90 HIGHLAND AVE BETHLEHEM, PA 18017	SEC 2 00	0	0	0
SCOTT V FAINOR 90 HIGHLAND AVE BETHLEHEM, PA 18017	DIRECTOR 2 00	3,400	0	0
R CHARLES STEHLY 90 HIGHLAND AVE BETHLEHEM, PA 18017	DIRECTOR 2 00	3,400	0	0
FATHER DANIEL GAMBET 90 HIGHLAND AVE BETHLEHEM, PA 18017	DIRECTOR 2 00	3,400	0	0

TY 2010 Accounting Fees Schedule

Name: KEYSTONE NAZARETH CHARITABLE FOUNDATION

EIN: 42-1607170

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
PALMER AND COMPANY TAX PREPARATION	1,950	1,950	1,950	

TY 2010 Investments Corporate Stock Schedule

Name: KEYSTONE NAZARETH CHARITABLE FOUNDATION

EIN: 42-1607170

Name of Stock	End of Year Book Value	End of Year Fair Market Value
EQUITY INVESTMENTS	12,024,792	10,729,606
FIXED INCOME INVESTMENTS	864,463	870,877

TY 2010 Other Decreases Schedule

Name: KEYSTONE NAZARETH CHARITABLE FOUNDATION

EIN: 42-1607170

Description	Amount
REALIZED CAPITAL LOSSES	748,218

TY 2010 Other Expenses Schedule

Name: KEYSTONE NAZARETH CHARITABLE FOUNDATION

EIN: 42-1607170

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INSURANCE	3,903			3,903
REGISTRATION FEES	449			449

TY 2010 Other Professional Fees Schedule

Name: KEYSTONE NAZARETH CHARITABLE FOUNDATION

EIN: 42-1607170

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
KEYSTONE NAZARETH BANK TRUSTEE FEES	27,887	27,887	27,887	

TY 2010 Taxes Schedule

Name: KEYSTONE NAZARETH CHARITABLE FOUNDATION

EIN: 42-1607170

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FEDERAL INCOME TAX	1,521			

Keystone Nazareth Charitable Foundation
ID #: 42-1607170
Form 990-PF, Page 3, Part IV
December 31, 2010

Date	Qty.	Description	Proceeds	Cost/Basis	Loss
1/4/2010	1,250	National Penn Bancshares	7,425	12,136	(4,711)
1/4/2010	10,608	National Penn Bancshares	63,010	102,990	(39,980)
1/11/2010	15,000	National Penn Bancshares	98,097	145,631	(47,534)
1/14/2010	15,000	National Penn Bancshares	100,349	145,631	(45,282)
1/20/2010	15,000	National Penn Bancshares	102,599	145,631	(43,032)
1/22/2010	20,000	National Penn Bancshares	143,798	194,175	(50,377)
2/5/2010	20,000	National Penn Bancshares	118,798	194,175	(75,376)
2/23/2010	2,400	National Penn Bancshares	16,056	23,301	(7,245)
2/24/2010	17,600	National Penn Bancshares	117,742	170,874	(53,131)
3/23/2010	25,000	National Penn Bancshares	173,925	242,718	(68,793)
4/28/2010	25,000	National Penn Bancshares	190,499	242,718	(52,219)
4/28/2010	25,000	National Penn Bancshares	191,297	242,718	(51,422)
4/29/2010	25,000	National Penn Bancshares	193,247	242,718	(49,472)
12/10/2010	25,000	National Penn Bancshares	199,497	242,718	(43,222)
12/21/2010	50,000	National Penn Bancshares	398,993	485,437	(86,444)
12/22/2010	50,000	National Penn Bancshares	411,493	485,437	(73,944)
			2,526,825	3,319,010	(792,184)

Keystone Nazareth Charitable Foundation
ID #: 42-1607170
Form 990-PF, Page 3, Part IV
December 31, 2010

Description	Sold	Acquired	Proceeds	Cost	Gain/Loss
320 SHARES OF T ROWE PRICE GROUP INC COM	3/1/2010	3/26/2009	16,271 47	9,446 40	6,825 07
140 SHARES OF OCCIDENTAL PETROLEUM CORP COM	3/1/2010	3/26/2009	11,272 22	8,215 20	3,057 02
490 SHARES OF FOREST LABORATORIES INC COM	6/28/2010	10/12/2009	13,681 31	14,722.88	-1,041 57
160 SHARES OF FOREST LABORATORIES INC COM	6/28/2010	5/12/2010	4,467 36	4,353 60	113 76
85 SHARES OF OCCIDENTAL PETROLEUM CORP COM	9/7/2010	5/12/2010	6,507 81	7,168 90	-661 09
300 SHARES OF DANAHER CORP COM	9/9/2010	5/12/2010	11,828 23	13,057 50	-1,229 27
220 SHARES OF INTUIT INC COM	9/13/2010	5/12/2010	9,688 11	8,098 20	1,589 91
45 SHARES OF APPLE INC COM	10/18/2010	5/12/2010	14,249 10	11,744 55	2,504 55
334 SHARES OF NICOR INC COM	12/3/2010	12/28/2009	15,212 70	14,467 71	744 99
68 SHARES OF NICOR INC COM	12/3/2010	12/29/2009	3,097 20	2,938 42	158 78
130 SHARES OF NICOR INC COM	12/3/2010	5/12/2010	5,921 11	5,635 50	285 61
280 SHARES OF NICOR INC COM	12/3/2010	9/13/2010	12,753 17	12,606 86	146 31
65 SHARES OF PHILLIPS-VAN HEUSEN CORP COM	2/22/2010	3/26/2009	2,746 84	1,521 65	1,225 19
70 SHARES OF POLYCOM INC COM	2/22/2010	3/26/2009	1,828 71	1,112 30	716 41
85 SHARES OF ONEOK INC COM	3/1/2010	3/26/2009	3,818 53	1,999 20	1,819 33
160 SHARES OF MDU RESOURCES GROUP INC COM	3/16/2010	3/26/2009	3,455 35	2,625 60	829.75
75 SHARES OF NOBLE ENERGY INC COM	3/17/2010	3/26/2009	5,674 36	4,151 25	1,523.11
130 SHARES OF CAREER EDUCATION CORP COM	3/23/2010	7/14/2009	4,223 04	2,697 31	1,525 73
40 SHARES OF WESTERN DIGITAL CORP COM	4/27/2010	6/2/2009	1,712 99	969 95	743 04
5 SHARES OF FURIEX PHARMACEUTICALS INC COM	6/24/2010	5/12/2010	5 60	5 75	-0 15
2.417 SHARES OF FURIEX PHARMACEUTICALS INC COM	7/2/2010	5/12/2010	23.96	27 78	-3 82
30 SHARES OF GREIF INC CL A COM	7/14/2010	5/12/2010	1,720.89	1,665 30	55 59
60 SHARES OF ENERGEN CORP COM	7/26/2010	10/12/2009	2,799.36	2,788 39	10 97
20 SHARES OF ENERGEN CORP COM	7/26/2010	5/12/2010	933.12	928 20	4 92
25 SHARES OF COVANCE INC COM	9/21/2010	5/12/2010	1,059 17	1,401 50	-342 33
40 SHARES OF PERRIGO CO COM	9/21/2010	5/12/2010	2,541 76	2,577.20	-35 44
30 SHARES OF LENNOX INTERNATIONAL INC COM	9/23/2010	5/12/2010	1,231 58	1,362.60	-131 02
50 SHARES OF AMPHENOL CORPORATION CL A	9/23/2010	5/12/2010	2,342 41	2,265 50	76.91
10 SHARES OF FACTSET RESEARCH SYSTEMS INC COM	9/23/2010	5/12/2010	801 32	741 10	60 22
10 SHARES OF NETFLIX INC COM	9/23/2010	5/12/2010	1,599 47	1,066 20	533 27
19 SHARES OF GYMBOREE CORP COM	10/11/2010	3/23/2010	1,230 62	1,019 10	211 52
66 SHARES OF GYMBOREE CORP COM	10/12/2010	3/23/2010	4,282.95	3,540 04	742 91
25 SHARES OF GYMBOREE CORP COM	10/12/2010	5/12/2010	1,622 33	1,143 25	479 08
130 SHARES OF CONSTELLATION ENERGY GROUP INC COM	12/20/2010	3/1/2010	3,713 29	4,627 17	-913 88
100 SHARES OF CONSTELLATION ENERGY GROUP INC COM	12/20/2010	3/16/2010	2,856 38	3,622 71	-766 33
70 SHARES OF CONSTELLATION ENERGY GROUP INC COM	12/20/2010	5/12/2010	1,999 47	2,545 90	-546 43
10 SHARES OF CONSTELLATION ENERGY GROUP INC COM	12/20/2010	11/5/2010	285 64	306 10	-20.46
5 SHARES OF ROLLINS INC COM	12/30/2010	11/5/2010	9 99	8 95	1.04
191 SHARES OF WELLS FARGO & CO COM	12/29/2010	3/29/2010	5,097 97	3,056 00	2,041 97
10000 UNITS OF GEN ELEC CAP DTD 12/09/2008 3% 12/09/2011	3/22/2010	9/25/2009	10,342 10	10,366 00	-23 90
10000 UNITS OF GEN ELEC CAP DTD 12/09/2008 3% 12/09/2011	3/22/2010	2/8/2010	10,342 10	10,398 00	-55 90
5000 UNITS OF CITIGROUP INC DTD 01/30/2009 2 125% 04/30/2012	3/23/2010	8/3/2009	5,097.10	5,018 05	79 05
15000 UNITS OF CITIGROUP INC DTD 01/30/2009 2 125% 04/30/2012	3/23/2010	2/8/2010	15,291.30	15,351 48	-60 18
10000 UNITS OF J P MORGAN CHASE & CO DTD 02/23/2009 2 2% 06/15/2012	3/23/2010	9/25/2009	10,203 20	10,166 00	37 20
10000 UNITS OF J P MORGAN CHASE & CO DTD 02/23/2009 2.2% 06/15/2012	3/23/2010	2/8/2010	10,203 20	10,249 00	-45 80
5000 UNITS OF CREDIT SUISSE FB USA INC 6 125% 11/15/2011	4/6/2010	5/21/2009	5,358 80	5,296.25	62 55
5000 UNITS OF GOLDMAN SACHS GROUP INC DTD 11/15/2002 5 5% 11/15/2014	5/6/2010	5/22/2009	5,128 60	5,020 00	108 60
5000 UNITS OF GOLDMAN SACHS GROUP INC DTD 11/15/2002 5.5% 11/15/2014	5/6/2010	2/8/2010	5,128 60	5,389 50	-260 90
5000 UNITS OF FHLMC NOTE DTD 03/27/2009 3 75% 03/27/2019	6/8/2010	11/5/2009	5,114 65	4,937 10	177 55
5000 UNITS OF VERIZON PENNSYLVANIA SER A DTD 11/13/2001 5 65% 11/15/2011	6/23/2010	12/2/2009	5,256 50	5,333 50	-77 00
1161 82 UNITS OF FHLMC POOL # G03432 DTD 10/01/2007 5 5% 11/01/2037	7/15/2010	6/9/2010	1,161.82	1,249 68	-87 86
1343 33 UNITS OF FHLMC POOL # G03927 DTD 02/01/2008 5 5% 01/01/2038	7/15/2010	6/9/2010	1,343 33	1,444 92	-101 59
1464 37 UNITS OF FHLMC POOL # G12522 DTD 01/01/2007 5% 02/01/2022	7/15/2010	6/9/2010	1,464 37	1,570 99	-106 62
915 95 UNITS OF FNMA POOL # 725424 DTD 04/01/2004 5 5% 04/01/2034	7/25/2010	6/9/2010	915 95	988 08	-72 13
819 19 UNITS OF FNMA POOL # 735580 DTD 05/01/2005 5% 06/01/2035	7/25/2010	6/9/2010	819 19	867 57	-48 38
1307 15 UNITS OF FHLMC POOL # G03432 DTD 10/01/2007 5 5% 11/01/2037	8/15/2010	6/9/2010	1,307 15	1,406 00	-98 85
1403 9 UNITS OF FHLMC POOL # G03927 DTD 02/01/2008 5 5% 01/01/2038	8/15/2010	6/9/2010	1,403 90	1,510 07	-106 17
1257 3 UNITS OF FHLMC POOL # G12522 DTD 01/01/2007 5% 02/01/2022	8/15/2010	6/9/2010	1,257 30	1,348 85	-91 55
1017 26 UNITS OF FNMA POOL # 725424 DTD 04/01/2004 5 5% 04/01/2034	8/25/2010	6/9/2010	1,017 26	1,097 37	-80 11
995 97 UNITS OF FNMA POOL # 735580 DTD 05/01/2005 5% 06/01/2035	8/25/2010	6/9/2010	995 97	1,054 79	-58 82
15000 UNITS OF US TREAS INFL IX NT 1.875% 07/15/2013	9/9/2010	2/8/2010	18,782 05	18,887 10	-105 05
1515 33 UNITS OF FHLMC POOL # G03432 DTD 10/01/2007 5 5% 11/01/2037	9/15/2010	6/9/2010	1,515 33	1,629 93	-114 60
1674 44 UNITS OF FHLMC POOL # G03927 DTD 02/01/2008 5 5% 01/01/2038	9/15/2010	6/9/2010	1,674 44	1,801 07	-126 63
1981 29 UNITS OF FHLMC POOL # G12522 DTD 01/01/2007 5% 02/01/2022	9/15/2010	6/9/2010	1,981 29	2,125.55	-144 26
1344 96 UNITS OF FNMA POOL # 725424 DTD 04/01/2004 5 5% 04/01/2034	9/25/2010	6/9/2010	1,344 96	1,450.88	-105 92
1384 2 UNITS OF FNMA POOL # 735580 DTD 05/01/2005 5% 06/01/2035	9/25/2010	6/9/2010	1,384 20	1,465 95	-81 75
5000 UNITS OF FHLMC NOTE DTD 10/21/2009 1.125% 12/15/2011	9/28/2010	12/7/2009	5,044 95	5,020 00	24 95
10000 UNITS OF FHLMC NOTE DTD 10/21/2009 1 125% 12/15/2011	9/28/2010	6/10/2010	10,089 90	10,061 80	28 10

5000 UNITS OF GENERAL ELECTRIC CO DTD 01/28/2003 5% 02/01/2013	9/28/2010	12/2/2009	5,427.50	5,359 00	68 50
10000 UNITS OF GENERAL ELECTRIC CO DTD 01/28/2003 5% 02/01/2013	9/28/2010	6/10/2010	10,855.00	10,712 00	143 00
10000 UNITS OF FHLB NOTE DTD 07/23/2009 1 75% 08/22/2012	9/29/2010	6/10/2010	10,231.60	10,163 90	67 70
20000 UNITS OF FHLMC NOTE DTD 05/21/2009 1 75% 06/15/2012	9/29/2010	3/22/2010	20,424.00	20,230 60	193.40
20000 UNITS OF FHLMC NOTE DTD 05/21/2009 1 75% 06/15/2012	9/29/2010	5/10/2010	20,424 00	20,298.22	125 78
1617 48 UNITS OF FHLMC POOL # G03432 DTD 10/01/2007 5 5% 11/01/2037	10/15/2010	6/9/2010	1,617 48	1,739 80	-122 32
1578 02 UNITS OF FHLMC POOL # G03927 DTD 02/01/2008 5 5% 01/01/2038	10/15/2010	6/9/2010	1,578.02	1,697 36	-119 34
1980 UNITS OF FHLMC POOL # G12522 DTD 01/01/2007 5% 02/01/2022	10/15/2010	6/9/2010	1,980 00	2,124 17	-144 17
1474 28 UNITS OF FNMA POOL # 725424 DTD 04/01/2004 5 5% 04/01/2034	10/25/2010	6/9/2010	1,474 28	1,590 38	-116 10
1507.97 UNITS OF FNMA POOL # 735580 DTD 05/01/2005 5% 06/01/2035	10/25/2010	6/9/2010	1,507 97	1,597 03	-89 06
1646 71 UNITS OF FHLMC POOL # G03432 DTD 10/01/2007 5 5% 11/01/2037	11/15/2010	6/9/2010	1,646 71	1,771 24	-124.53
1597.55 UNITS OF FHLMC POOL # G03927 DTD 02/01/2008 5 5% 01/01/2038	11/15/2010	6/9/2010	1,597 55	1,718 36	-120 81
2086 36 UNITS OF FHLMC POOL # G12522 DTD 01/01/2007 5% 02/01/2022	11/15/2010	6/9/2010	2,086 36	2,238 27	-151 91
1404 59 UNITS OF FNMA POOL # 725424 DTD 04/01/2004 5 5% 04/01/2034	11/25/2010	6/9/2010	1,404 59	1,515 20	-110 61
1358 87 UNITS OF FNMA POOL # 735580 DTD 05/01/2005 5% 06/01/2035	11/25/2010	6/9/2010	1,358 87	1,439 13	-80 26
10000 UNITS OF US TREAS NOTE DTD 04/30/2010 2 5% 04/30/2015	12/1/2010	5/6/2010	10,487 50	10,107 81	379 69
1616.81 UNITS OF FHLMC POOL # G03432 DTD 10/01/2007 5 5% 11/01/2037	12/15/2010	6/9/2010	1,616 81	1,739 08	-122 27
1631.18 UNITS OF FHLMC POOL # G03927 DTD 02/01/2008 5 5% 01/01/2038	12/15/2010	6/9/2010	1,631 18	1,754 54	-123 36
2212 66 UNITS OF FHLMC POOL # G12522 DTD 01/01/2007 5% 02/01/2022	12/15/2010	6/9/2010	2,212 66	2,373 77	-161 11
1509 27 UNITS OF FNMA POOL # 725424 DTD 04/01/2004 5 5% 04/01/2034	12/25/2010	6/9/2010	1,509 27	1,628.12	-118 85
1537 31 UNITS OF FNMA POOL # 735580 DTD 05/01/2005 5% 06/01/2035	12/25/2010	6/9/2010	1,537 31	1,628 11	-90 80
75 SHARES OF CHEVRON CORPORATION COM	3/1/2010	11/13/2008	5,450 52	5,460 00	-9 48
215 SHARES OF OCCIDENTAL PETROLEUM CORP COM	9/7/2010	11/13/2008	16,460 94	10,379 88	6,081 06
50 SHARES OF OCCIDENTAL PETROLEUM CORP COM	9/7/2010	3/26/2009	3,828 12	2,934 00	894 12
70 SHARES OF DANAHER CORP COM	9/9/2010	3/26/2009	2,759 92	1,967 70	792 22
65 SHARES OF INTUIT INC COM	9/13/2010	3/26/2009	2,862 39	1,776 45	1,085 94
10 SHARES OF APPLE INC COM	10/18/2010	3/26/2009	3,166 47	1,090 10	2,076 37
110 SHARES OF PHILLIPS-VAN HEUSEN CORP COM	2/22/2010	11/13/2008	4,648 49	1,963 50	2,684 99
70 SHARES OF POLYCOM INC COM	2/22/2010	11/26/2008	1,828 72	1,265 26	563 46
40 SHARES OF MDU RESOURCES GROUP INC COM	3/1/2010	11/13/2008	823 63	793 33	30 30
120 SHARES OF MDU RESOURCES GROUP INC COM	3/16/2010	11/13/2008	2,591 51	2,379 97	211.54
70 SHARES OF NOBLE ENERGY INC COM	3/17/2010	11/13/2008	5,296.06	3,653 30	1,642 76
30 SHARES OF SUPERIOR ENERGY SERVICES INC COM	4/7/2010	11/13/2008	691 82	507 90	183 92
35 SHARES OF SUPERIOR ENERGY SERVICES INC COM	4/7/2010	3/26/2009	807 13	588.35	218 78
5 SHARES OF NETFLIX INC COM	4/26/2010	11/13/2008	539 73	117.60	422 13
45 SHARES OF NETFLIX INC COM	4/26/2010	3/26/2009	4,857 55	1,895.40	2,962 15
110 SHARES OF BROADRIDGE FINL SOL LLC COM	4/27/2010	3/26/2009	2,528 20	2,113 10	415.10
30 SHARES OF BARD (C R) INC COM	4/27/2010	11/13/2008	2,546 22	2,485 50	60 72
30 SHARES OF BARD (C R) INC COM	4/27/2010	3/26/2009	2,546 21	2,377 80	168 41
5 SHARES OF FURIEX PHARMACEUTICALS INC COM	7/2/2010	11/13/2008	49 56	50 75	-1 19
4.583 SHARES OF FURIEX PHARMACEUTICALS INC COM	7/2/2010	3/26/2009	45 43	46 46	-1 03
95 SHARES OF GREIF INC CL A COM	7/14/2010	4/9/2009	5,449 47	3,790 41	1,659.06
40 SHARES OF COVANCE INC COM	9/21/2010	11/13/2008	1,694 67	1,682 32	12.35
35 SHARES OF COVANCE INC COM	9/21/2010	3/26/2009	1,482 83	1,299 90	182 93
90 SHARES OF LENNOX INTERNATIONAL INC COM	9/23/2010	4/9/2009	3,694 75	2,626 07	1,068.68
5000 UNITS OF VERIZON PENNSYLVANIA SER A DTD 11/13/2001 5 65% 11/15/2011	6/23/2010	5/21/2009	5,256 50	5,287 50	-31 00
5000 UNITS OF US TREAS INFL IX NT 1.875% 07/15/2013	9/9/2010	5/21/2009	6,260 69	5,974 09	286 60
5000 UNITS OF GENERAL ELECTRIC CO DTD 01/28/2003 5% 02/01/2013	9/28/2010	9/23/2009	5,427 50	5,250 00	177 50
5000 UNITS OF FHLB NOTE DTD 07/23/2009 1 75% 08/22/2012	9/29/2010	8/3/2009	5,115 80	4,969 35	146 45
** TOTAL CAPITAL GAIN FROM PURCHASED STOCK			526,855 89	482,889 28	43,966 61

Keystone Nazareth Charitable Foundation
ID #: 421607170
Form 990-PF, Page 11, Part XV
December 31, 2010

Charitable Distributions:

Donee	Amount
Allentown Public Library	4,000
Allentown Symphony Association	10,000
American Red Cross	2,500
ARC of Lehigh & Northampton Counties	2,000
Artsquest	25,000
Balliet Guild of the Lehigh Valley	2,500
Baum School of Art	2,300
Big Brothers Big Sisters	2,000
Boys & Girls Club of Easton	1,000
Catholic Charities Diocese of Allentown	3,000
Cedar Crest College	8,000
Center for Animal Health & Welfare	150
Center for Vision Loss	2,500
Central Moravian Church	5,000
Cetronia Ambulance	12,500
Children's Home of Easton	4,000
City of Bethlehem	1,000
Civic Theatre of Allentown	2,500
Community Bike Works	1,000
Community Music School	4,000
Concern	1,000
Da Vinci Discovery Center	2,000
DeSales University	15,000
Dewey Fire Company	150
Embrace Your Dreams	1,000
Executive Service Corps of the Lehigh Valley	2,500
Family Answers	10,000
Girl Scouts - Eastern PA	10,000
Good Shepherd	7,500
Hamilton Park Athletic Association	500
Hawk Mountain Sanctuary Association	1,600
Hellertown Area Library	150
Historic Bethlehem Partnership	75,000
Institute for Jewish-Christian Understanding	50
Lehigh County Conference of Churches	3,100
Lehigh County Historical Society	2,500
Lehigh County Senior Citizens Center	500
Lehigh Gap Nature Center	5,000
Lehigh Valley Aquatics	200
Lehigh Valley Child Care Center	1,000
Lehigh Valley Community Foundation	250
Lehigh Valley Economic Development Corp.	500

Lehigh Valley Hospital & Health Network	33,500
Lehigh Valley Summerbridge	2,000
Lehigh Valley Zoo	3,500
Literacy Center	500
Meals on Wheels of Lehigh County	2,500
Meals on Wheels of Northampton County	2,000
Miller Keystone Blood Center	2,500
Minsi Trails Council - BSA	1,500
Miracle League of Lehigh Valley	500
Mosser Village Family Center	1,000
Muhlenberg Fund	500
National Museum of Industrial History	1,000
New Bethany Ministries	50,000
Northampton Community College	1,000
Northampton County Historical	10,000
Peaceable Kingdom	500
Pennsylvania Youth Theatre	2,000
Program for Women & Families, Inc.	1,000
Priority One	500
Repertory Dance Theatre	2,000
Sacred Heart Hospital	5,000
Salisbury Education Foundation	250
Salisbury Middle School	1,500
Salisbury Music Association	250
Salisbury Youth Association	2,000
Salvation Army	200
SE-WY-CO VFC	150
Soleco Community Pool	15,000
Southside Film Institute	2,000
St. Francis Center for Renewal	200
St. Luke's Hospital	7,500
St. Theresa School	1,200
State Theatre	1,500
Stephen's Place, Inc.	5,000
Touchstone Theatre	2,500
Treatment Trends	10,000
Valley Youth House	500
VIA of the Lehigh Valley	25,500
Victory House of Lehigh Valley	5,000
Volunteer Center of the Lehigh Valley	1,000
Volunteers of America	2,000
Weller Center for Health Education	1,500
Wellness Community Center of the LV	100
Wildlands Conservancy	2,500
William Sugra Memorial Fund	1,000
WLVT 39 PBS Education Program	27,000
YMCA & YWCA of Bethlehem	3,000
Young Peoples Philharmonic	500
Saucon Valley Senior High School	500
	476,800