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

2010

Department of the Treasury
Internal Revenue Service

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

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

G Check all that apply: Initial return Initial return of a former public charity Amended return Address change Name change

EXTENDED

Name of foundation THE MELROSE FOUNDATION		A Employer identification number 62-6037984
Number and street (or P O box number if mail is not delivered to street address) P.O. BOX 629	Room/suite	B Telephone number (865) 525-5134
City or town, state, and ZIP code KNOXVILLE, TN 37901-0629		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 491,810. (Part I, column (d) must be on cash basis.)	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)</small>	(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				
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	10,130.	10,130.		STATEMENT 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	<814.>			
b Gross sales price for all assets on line 6a	48,577.			
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)				
11 Other income	47,405.	0.	0.	STATEMENT 2
12 Total. Add lines 1 through 11	56,721.	10,130.	0.	
13 Compensation of officers, directors, trustees, etc	0.	0.	0.	0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees	2,465.	2,465.	2,465.	0.
c Other professional fees	3,577.	3,577.	3,577.	0.
17 Interest				
18 Taxes	74.	74.	74.	0.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses				
24 Total operating and administrative expenses. Add lines 13 through 23	6,116.	6,116.	6,116.	0.
25 Contributions, gifts, grants paid	41,350.			41,350.
26 Total expenses and disbursements. Add lines 24 and 25	47,466.	6,116.	6,116.	41,350.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	9,255.			
b Net investment income (if negative, enter -0-)		4,014.		
c Adjusted net income (if negative, enter -0-)			0.	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	8,340.	5,353.	5,353.
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock STMT 6	473,015.	484,731.	484,731.
	c Investments - corporate bonds			
11 Investments - land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
12 Investments - mortgage loans				
13 Investments - other				
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
15 Other assets (describe ▶ STATEMENT 7)	1,200.	1,726.	1,726.	
16 Total assets (to be completed by all filers)	482,555.	491,810.	491,810.	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)	0.	0.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	482,555.	491,810.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds				
30 Total net assets or fund balances	482,555.	491,810.		
31 Total liabilities and net assets/fund balances	482,555.	491,810.		

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	482,555.
2 Enter amount from Part I, line 27a	2	9,255.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	491,810.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	491,810.

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 LONG TERM (SEE ATTACHED SUMMARY)	P	VARIOUS	02/02/10
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 48,577.		49,391.	<814.>
b			
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			<814.>
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	<814.>
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8		3	N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	41,066.	438,911.	.093563
2008	37,700.	523,962.	.071952
2007	60,552.	658,808.	.091911
2006	58,884.	654,267.	.090000
2005	56,118.	660,447.	.084970

2 Total of line 1, column (d)	2	.432396
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	.086479
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	478,433.
5 Multiply line 4 by line 3	5	41,374.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	40.
7 Add lines 5 and 6	7	41,414.
8 Enter qualifying distributions from Part XII, line 4	8	41,350.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		1	80.
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	80.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	80.
6 Credits/Payments:			
a 2010 estimated tax payments and 2009 overpayment credited to 2010	6a	1,766.	
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	1,766.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,686.	
11 Enter the amount of line 10 to be: Credited to 2011 estimated tax <input type="checkbox"/> 1,686. Refunded <input type="checkbox"/>	11	0.	

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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. <input type="checkbox"/> \$ 0. (2) On foundation managers. <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		X
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> TN		
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	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)
12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address N/A
14 The books are in care of JACKSON G. KRAMER Telephone no. (865) 525-5134 Located at 2500 PLAZA TOWER, KNOXVILLE, TN ZIP+4 37929
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year 15 N/A
16 At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country

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.

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?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(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)?
(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.)
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
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?
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? If "Yes," list the years
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?
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.)
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?

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

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? **N/A** **5b**

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? **N/A** Yes No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No **6b** **X**

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 8		0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000 **0**

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

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services ▶ 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 INTERFAITH HEALTH CLINIC	592.
2 KNOXVILLE MUSEUM OF ART	592.
3 SECOND HARVEST FOOD BANK	296.
4 VOLUNTEER MINISTRY CENTER	259.

Part IX-B Summary of Program-Related Investments

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

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

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	478,873.
b Average of monthly cash balances	1b	6,846.
c Fair market value of all other assets	1c	
d Total (add lines 1a, b, and c)	1d	485,719.
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	485,719.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	7,286.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	478,433.
6 Minimum investment return. Enter 5% of line 5	6	23,922.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1 Minimum investment return from Part X, line 6	1	23,922.
2a Tax on investment income for 2010 from Part VI, line 5	2a	80.
b Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	80.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	23,842.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	23,842.
6 Deduction from distributable amount (see instructions)	6	0.
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	23,842.

Part XII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	41,350.
b Program-related investments - total from Part IX-B	1b	0.
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	41,350.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	41,350.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				23,842.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005	24,360.			
b From 2006	26,803.			
c From 2007	28,408.			
d From 2008	12,673.			
e From 2009	19,188.			
f Total of lines 3a through e	111,432.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ \$ 41,350.				
a Applied to 2009, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				23,842.
e Remaining amount distributed out of corpus	17,508.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	128,940.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	24,360.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	104,580.			
10 Analysis of line 9:				
a Excess from 2006	26,803.			
b Excess from 2007	28,408.			
c Excess from 2008	12,673.			
d Excess from 2009	19,188.			
e Excess from 2010	17,508.			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling

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

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

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

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

NONE

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

NONE

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

Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

SEE STATEMENT 9

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

c Any submission deadlines:

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

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES		STATEMENT	1
SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT	
VARIOUS SECURITIES	10,130.	0.	10,130.	
TOTAL TO FM 990-PF, PART I, LN 4	10,130.	0.	10,130.	

FORM 990-PF	OTHER INCOME			STATEMENT	2
DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME		
UNREALIZED APPRECIATION OF INVESTMENTS	47,405.	0.	0.		
TOTAL TO FORM 990-PF, PART I, LINE 11	47,405.	0.	0.		

FORM 990-PF	ACCOUNTING FEES				STATEMENT	3
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES		
ACCOUNTING FEES	2,465.	2,465.	2,465.	0.		
TO FORM 990-PF, PG 1, LN 16B	2,465.	2,465.	2,465.	0.		

FORM 990-PF	OTHER PROFESSIONAL FEES				STATEMENT	4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES		
INVESTMENT MANAGER FEES	3,577.	3,577.	3,577.	0.		
TO FORM 990-PF, PG 1, LN 16C	3,577.	3,577.	3,577.	0.		

FORM 990-PF	TAXES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
FEDERAL EXCISE TAXES	74.	74.	74.		0.
TO FORM 990-PF, PG 1, LN 18	74.	74.	74.		0.

FORM 990-PF	CORPORATE STOCK		STATEMENT	6
DESCRIPTION	BOOK VALUE		FAIR MARKET VALUE	
SEE SCHEDULE	484,731.		484,731.	
TOTAL TO FORM 990-PF, PART II, LINE 10B	484,731.		484,731.	

FORM 990-PF	OTHER ASSETS			STATEMENT	7
DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE		
REFUNDABLE FEDERAL EXCISE TAXES	1,200.	1,726.	1,726.		
TO FORM 990-PF, PART II, LINE 15	1,200.	1,726.	1,726.		

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS STATEMENT 8
 TRUSTEES AND FOUNDATION MANAGERS

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
EDWIN H. RAYSON P.O. BOX 629 KNOXVILLE, TN 37901	PRES & DIR 1.00	0.	0.	0.
WAYNE R. KRAMER P.O. BOX 629 KNOXVILLE, TN 37901	VP, SEC, TRES. 1.00	0.	0.	0.
JAMES G. MALOY P.O. BOX 629 KNOXVILLE, TN 37901	DIRECTOR 1.00	0.	0.	0.
COWAN RODGERS, III P.O. BOX 629 KNOXVILLE, TN 37901	DIRECTOR 1.00	0.	0.	0.
JACKSON G. KRAMER P.O. BOX 629 KNOXVILLE, TN 37901	DIRECTOR 1.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

FORM 990-PF

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

STATEMENT 9

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

JACKSON G. KRAMER, C/O THE MELROSE FOUNDATION
P.O. BOX 629
KNOXVILLE, TN 379010629

TELEPHONE NUMBER

(865) 525-5134

FORM AND CONTENT OF APPLICATIONS

NAME AND ADDRESS, TYPE OF ORGANIZATION, TAX EXEMPT DETERMINATION LETTER UNDER IRC SEC. 501(C)(3), BROCHURE OR OTHER PRINTED MATERIALS REGARDING ORGANIZATION'S ACTIVITIES AND OPERATIONS.

ANY SUBMISSION DEADLINES

NONE

RESTRICTIONS AND LIMITATIONS ON AWARDS

NONE, OTHER THAN THE ORGANIZATION MUST BE A 501(C)(3) ORGANIZATION

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 10

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
ALZHEIMER'S ASSOCIATION, EASTERN TENNESSEE CHAPTER 600 HENLEY STREET KNOXVILLE, TN 37902	NONE MEDICAL SUPPORT	LISTED IN PUB 78	350.
AMERICAN RED CROSS, KNOXVILLE AREA CHAPTER 6921 MIDDLEBROOK PIKE KNOXVILLE, TN 37909	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	350.
BIG BROTHERS/BIG SISTERS OF TENNESSEE VALLEY, INC. 2918 MAGNOLIA AVENUE KNOXVILLE, TN 37901	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	500.
BLOUNT MANSION ENDOWMENT FUND 200 W. HILL AVENUE KNOXVILLE, TN 37902	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	500.
BOY SCOUTS OF AMERICA, GREAT SMOKY MOUNTAIN COUNCIL 6440 PAPERMILL ROAD KNOXVILLE, TN 379194891	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	750.
BOYS & GIRLS CLUB OF THE TENNESSEE VALLEY 407 CASWELL AVENUE KNOXVILLE, TN 37917	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	500.
CASA-A CHILD'S VOICE IN COURT 2200 SUTHERLAND AVENUE KNOXVILLE, TN 37919	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	500.
CHILD & FAMILY, INC. 114 DAMERON AVENUE KNOXVILLE, TN 37917	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	750.

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COMMUNITY SCHOOL OF THE ARTS 620 STATE STREET KNOXVILLE, TN 37902	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
EAST TENNESSEE DISCOVERY CENTER 516 N. BEAMAN STREET KNOXVILLE, TN 37914	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	500.
EMERALD YOUTH FOUNDATION 1600 N. CENTRAL STREET KNOXVILLE, TN 37914	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
FISH OF KNOX COUNTY HOSPITALITY PANTRIES 2700 E. MAGNOLIA AVENUE KNOXVILLE, TN 37914	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
FLORENCE CRITTENTON AGENCY 2815 TEXAS AVENUE KNOXVILLE, TN 379216090	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
FORT SANDERS FOUNDATION 1901 CLINCH AVENUE KNOXVILLE, TN 37916	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	350.
GIRL SCOUTS TANASI COUNCIL, INC. 1600 BREDA DRIVE KNOXVILLE, TN 37918	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	750.
HEARING & SPEECH FOUNDATION OF BLOUNT COUNTY 334 S. WASHINGTON STREET MARYVILLE, TN 37804	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	750.
HELEN ROSS MCNABB CENTER 1520 CHEROKEE TRAIL KNOXVILLE, TN 37901	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
HOLSTON UNITED METHODIST HOME FOR CHILDREN 900 E. HILL AVENUE KNOXVILLE, TN 37915	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.

IJAMS NATURE CENTER 2915 ISLAND HOME AVENUE KNOXVILLE, TN 37920	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	1,000.
INTERFAITH HEALTH CLINIC 315 GILL AVENUE KNOXVILLE, TN 37902	NONE MEDICAL SUPPORT	LISTED IN PUB 78	4,000.
KNOX AREA RESCUE MINISTRIES 418 N. BROADWAY KNOXVILLE, TN 37917	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	500.
KNOXVILLE COLLEGE 901 COLLEGE STREET KNOXVILLE, TN 37921	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	500.
KNOXVILLE LEGAL AID SOCIETY, INC. 502 S. GAY STREET KNOXVILLE, TN 37902	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	750.
KNOXVILLE MUSEUM OF ART 1010 LAUREL AVENUE KNOXVILLE, TN 37916	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	4,000.
KNOXVILLE SYMPHONY SOCIETY 708 GAY STREET KNOXVILLE, TN 379021685	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	750.
KNOXVILLE ZOOLOGICAL PARK P.O. BOX 6040 KNOXVILLE, TN 37914	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	750.
MERCY HEALTH PARTNERS FOUNDATION 101 BLOUNT AVE. SUITE 530 KNOXVILLE, TN 37920	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	350.
MONTGOMERY VILLAGE CHILD CARE CENTER 4600 JOE LEWIS ROAD KNOXVILLE, TN 37920	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.

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RONALD MCDONALD HOUSE 1705 CLINCH AVENUE KNOXVILLE, TN 37916	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	350.
SALVATION ARMY P.O. BOX 12589 KNOXVILLE, TN 379122589	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
SECOND HARVEST FOOD BANK 922 DELAWARE AVENUE KNOXVILLE, TN 37921	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	2,000.
SENIOR CITIZENS HOME ASSISTANCE SERVICES, INC. P.O. BOX 3025 KNOXVILLE, TN 37927	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	750.
SERTOMA CENTER, INC. 1400 E. 5TH AVENUE KNOXVILLE, TN 37917	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
SHANGRI-LA THERAPEUTIC ACADEMY OF RIDING, INC. 11800 HIGHWAY 11 EAST LENOIR CITY, TN 37772	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
TENNESSEE LION'S CHARITIES, INC. 505 FESSLERS LANE NASHVILLE, TN 37210-2814	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	350.
TENNESSEE WESLEYAN COLLEGE P.O. BOX 40 ATHENS, TN 37303	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	500.
THE JOY OF MUSIC YOUTH MUSIC SCHOOL 1209 EUCLID AVENUE KNOXVILLE, TN 37921	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
UNIVERSITY OF TENNESSEE MEDICAL CENTER - PASTORAL CARE DEPARTMENT - 1924 ALCOA HIGHWAY KNOXVILLE, TN 37901	NONE MEDICAL SUPPORT	LISTED IN PUB 78	1,500.

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VOLUNTEER MINISTRY CENTER 306 W. JACKSON AVENUE KNOXVILLE, TN 37901	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,750.
WESLEY HOUSE 923 DAMERON AVENUE KNOXVILLE, TN 37921	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	1,000.
WEST HIGH SCHOOL FOUNDATION (FOR TECHNOLOGY) 3326 SUTHERLAND AVE. KNOXVILLE, TN 37919	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	500.
YOUNG MEN'S CHRISTIAN ASSOCIATION P.O. BOX 2776 KNOXVILLE, TN 379012776	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	500.
YOUNG WOMEN'S CHRISTIAN ASSOCIATION 420 W. CLINCH AVENUE KNOXVILLE, TN 37902	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	500.
FRANK H. MCCLUNG MUSEUM 1027 CIRCLE PARK KNOXVILLE, TN 37901	NONE EDUCATIONAL SUPPORT	LISTED IN PUB 78	1,000.
CANCER SUPPORT COMMUNITY-EAST TENNESSEE 2230 SUTHERLAND AVENUE KNOXVILLE, TN 37919-2350	NONE CHARITABLE SUPPORT	LISTED IN PUB 78	500.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			41,350.

2010 Year End Summary



UBS Financial Services Inc
800 SOUTH GAY STREET EAST
PLAZA TOWER, SUITE A
KNOXVILLE TN 37929-9729

APZ2001166755 1210 X2 KA 0

Account name: THE MELROSE FOUNDATION
EDWIN H RAYSON PRESIDENT
Account type: PACE Multi
Account number: KA 09331 TT

Your Financial Advisor:
SILENSLER/JOHNSTON
Phone 865-522-5183/800-827-2723

THE MELROSE FOUNDATION
EDWIN H RAYSON PRESIDENT
2500 PLAZA TOWER
PO BOX 629
KNOXVILLE TN 37901-0629

Summary of gains and losses

Long term Amount (\$)
-813.53

Realized gains and losses

Estimated 2010 gains and losses for transactions with trade dates through 12/31/10 have been incorporated into this statement. To calculate gains and losses, we liquidate the oldest security lot first. This is known as the first-in, first-out or FIFO accounting method. We use this method unless you specified which tax lot to close when you placed your order. This is known as a versus purchase or VSP order. See important information about your statement on the last page of this statement for more information.

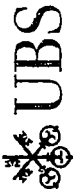
We may not adjust gains and losses for all capital changes. Cost bases for coupon tax-exempt municipal securities include securities subject to AMT, has been adjusted for mandatory amortization of bond premium. Estimates in the Unclassified section can not be classified as short term or long term because information is missing, or the product is one in which the gain/loss calculation is not provided.

Long-term capital gains and losses

Security description	Method	Quantity or face value (\$)	Purchase date	Sale date	Sale amount (\$)	Purchase amount (\$)	Loss (\$)	Gain (\$)	Net Gain or loss (\$)
HARTFORD CAPITAL APPRECIATION FUND CL A	FIFO	430,392	Mar 25, 08	Dec 27, 10	14,835.61	15,709.31	-873.70		
LORD ABBETT AFFILIATED FUND CL A	FIFO	1,051,874	Mar 25, 08	Dec 27, 10	12,138.63	13,590.21	-1,451.58		
LORD ABBETT DEVELOPING GROWTH FUND CL A	FIFO	264,658	Mar 25, 08	Dec 27, 10	5,706.03	4,305.99		1,400.04	

continued next page





Account name THE MELROSE FOUNDATION
 Account number: KA 09331 TT

Realized gains and losses (continued)

Long-term capital gains and losses (continued)

Security description	Method	Quantity or face value (\$)	Purchase date	Sale date	Sale amount (\$)	Purchase amount (\$)	Loss (\$)	Gain (\$)	Net gain or loss (\$)
ROYCE PREMIER FUND	FIFO	191 665	Mar 25, 08	Dec 27, 10	3,915 72	3,311 97		603 75	
THORNBURG INTERNATIONAL									
VALUE FUND CLASS A	FIFO	301 868	Mar 25, 08	Dec 27, 10	8,404 01	8,896 05	-492 04		
UBS PACE MONEY MARKET									
INVESTMENT FUND CLASS P									
	FIFO	0 830	Dec 15, 08	Oct 22, 10	0 83	0 83			
	FIFO	14 800	Apr 15, 08	Oct 22, 10	14 80	14 80			
	FIFO	20 280	May 15, 08	Oct 22, 10	20 28	20 28			
	FIFO	20 570	Jun 16, 08	Oct 22, 10	20 57	20 57			
	FIFO	17 980	Jul 15, 08	Oct 22, 10	17 98	17 98			
	FIFO	17 600	Aug 14, 08	Oct 22, 10	17 60	17 60			
	FIFO	16 220	Sep 15, 08	Oct 22, 10	16 22	16 22			
	FIFO	14 200	Oct 16, 08	Oct 22, 10	14 20	14 20			
	FIFO	12 270	Nov 17, 08	Oct 22, 10	12 27	12 27			
	FIFO	11 200	Dec 31, 08	Oct 22, 10	11 20	11 20			
	FIFO	2 650	Jan 15, 09	Oct 22, 10	2 65	2 65			
	FIFO	3 700	Feb 17, 09	Oct 22, 10	3 70	3 70			
	FIFO	569 730	Mar 25, 08	Oct 22, 10	569 73	569 73			
	FIFO	209 510	Feb 23, 09	Oct 22, 10	209 51	209 51			
	FIFO	856 590	Mar 25, 08	Jul 23, 10	856 59	856 59			
	FIFO	917 220	Mar 25, 08	Apr 23, 10	917 22	917 22			
	FIFO	871 870	Mar 25, 08	Jan 22, 10	871 87	871 87			
Total					\$48,577.22	\$49,390.75	-\$2,817.32	\$2,003.79	-\$813.53
Net capital gains/losses:									-\$813.53

CL

