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Form **990-PF**

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

OMB No 1545-0052

2010

Department of the Treasury
Internal Revenue Service

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

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

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

Name of foundation FNZ FOUNDATION, INC.		A Employer identification number 66-0535017
Number and street (or P O box number if mail is not delivered to street address) 2 CANDINA ST. CANDINA REEF #1601		B Telephone number (see page 10 of the instructions) 787-725-5472
City or town, state, and ZIP code SAN JUAN PR 00907		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) ▶ \$ 6,819,863	J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
(Part I, column (d) must be on cash basis)		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 (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 <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	491	491	491	
	4 Dividends and interest from securities	141,140	141,140	141,140	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10 Stmt 1	150,539			
	b Gross sales price for all assets on line 6a 680,847				
	7 Capital gain net income (from Part IV, line 2)		0		
	8 Net short-term capital gain			0	
	9 Income modifications				
	10a Gross sales less returns & allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	292,170	141,631	141,631		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0			
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule) See Stmt 2	418			
	b Accounting fees (attach schedule) Stmt 3	2,160			
	c Other professional fees (attach schedule) Stmt 4	56,544	56,544		
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions) Stmt 5	5,655			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	6,446			
	22 Printing and publications				
23 Other expenses (att sch) Stmt 6	202				
24 Total operating and administrative expenses. Add lines 13 through 23	71,425	56,544	0	0	
25 Contributions, gifts, grants paid	394,717			394,717	
26 Total expenses and disbursements. Add lines 24 and 25	466,142	56,544	0	394,717	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-173,972				
b Net investment income (if negative, enter -0-)		85,087			
c Adjusted net income (if negative, enter -0-)			141,631		

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash—non-interest-bearing				
	2	Savings and temporary cash investments		47,251	34,480	34,480
	3	Accounts receivable ▶	2,482			
		Less allowance for doubtful accounts ▶		2,482	2,482	2,482
	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 (att schedule) ▶				
		Less allowance for doubtful accounts ▶	0			
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments—U S and state government obligations (attach schedule) Stmt 7		290,932	77,197	77,197
	b	Investments—corporate stock (attach schedule) See Stmt 8		4,818,286	5,108,925	5,108,925
	c	Investments—corporate bonds (attach schedule)				
	11	Investments—land, buildings and equipment basis ▶				
	Less accumulated depreciation (attach sch) ▶					
12	Investments—mortgage loans					
13	Investments—other (attach schedule) See Statement 9		838,834	780,321	780,321	
14	Land, buildings, and equipment basis ▶					
	Less accumulated depreciation (attach sch) ▶					
15	Other assets (describe ▶ See Statement 10)		325,729	816,458	816,458	
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)		6,323,514	6,819,863	6,819,863	
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	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 31.					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, bldg, and equipment fund				
29	Retained earnings, accumulated income, endowment, or other funds		6,323,514	6,819,863		
30	Total net assets or fund balances (see page 17 of the instructions)		6,323,514	6,819,863		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)		6,323,514	6,819,863		

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	6,323,514
2	Enter amount from Part I, line 27a	2	-173,972
3	Other increases not included in line 2 (itemize) ▶ See Statement 11	3	670,321
4	Add lines 1, 2, and 3	4	6,819,863
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	6,819,863

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 N/A			
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

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

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	[If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7]	2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (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	834,753	5,634,801	0.148142
2008	895,615	8,345,384	0.107319
2007	874,378	8,712,756	0.100356
2006	483,149	10,124,976	0.047719
2005	445,041	9,694,325	0.045907

2 Total of line 1, column (d)	2	0.449443
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	0.089889
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	6,214,422
5 Multiply line 4 by line 3	5	558,608
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	851
7 Add lines 5 and 6	7	559,459
8 Enter qualifying distributions from Part XII, line 4	8	394,717

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter (attach copy of letter if necessary—see instructions)		
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	1,702
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	1,702
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	1,702
6	Credits/Payments		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	366
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 Tax Paid w/ O.R.	7	2,553
8	Enter any penalty for underpayment of estimated tax Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	30
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	1,187
11	Enter the amount of line 10 to be. Credited to 2011 estimated tax 1,187 Refunded	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
1c		X
2		X
3		X
4a		X
4b	N/A	
5		X
6	X	
7	X	
8a		
8b	X	
9		X
10		X

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	13	X	
14	The books are in care of ▶ JAMES D. KLAU 2 CANDINA ST. CANDINA REEF #1601 Located at ▶ SAN JUAN PR ZIP+4 ▶ 00907 Telephone no ▶ 787-725-5472			
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		<input type="checkbox"/>
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ▶	16	Yes	No X

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

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

		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here N/A ▶ <input type="checkbox"/>	1b	
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010? N/A	1c	
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ 20 , 20 , 20 , 20		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 22 of the instructions) N/A	2b	
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		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.) N/A	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	X

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

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

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? 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)? **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

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

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 (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
JAMES D. KLAU 2 CANDINA ST. CANDINA REEF 1601 SAN JUAN PR 00907	PRESIDENT 2.00	0	0	0
SUSAN L. KLAU 2 CANDINA ST. CANDINA REEF 1601 SAN JUAN PR 00907	V. PRESIDENT 2.00	0	0	0
..				
..				

2 Compensation of five highest-paid employees (other than those included on line 1 — see page 23 of the instructions). If none, enter "NONE."

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

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

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

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions) If none, enter "NONE "

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

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

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 RELIGIOUS PROGRAMS	323,472
2 CULTURAL AFFAIRS	32,334
3 EDUCATIONAL SPONSORSHIP & OTHER	32,231
4 HEALTH & RESEARCH SUPPORT	6,680

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

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

	Amount
1 N/A	
2	
All other program-related investments See page 24 of the instructions 3	

Total. Add lines 1 through 3 ▶

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	6,268,395
b	Average of monthly cash balances	1b	40,663
c	Fair market value of all other assets (see page 25 of the instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	6,309,058
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	6,309,058
4	Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	94,636
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	6,214,422
6	Minimum investment return. Enter 5% of line 5	6	310,721

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	310,721
2a	Tax on investment income for 2010 from Part VI, line 5	2a	1,702
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	1,702
3	Distributable amount before adjustments Subtract line 2c from line 1	3	309,019
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	309,019
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	309,019

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	394,717
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	394,717
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	394,717

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				309,019
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2010				
a From 2005				
b From 2006				
c From 2007				
d From 2008	425,819			
e From 2009	556,113			
f Total of lines 3a through e	981,932			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 394,717				
a Applied to 2009, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2010 distributable amount				309,019
e Remaining amount distributed out of corpus	85,698			
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	1,067,630			
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions				
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0
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	1,067,630			
10 Analysis of line 9.				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008	425,819			
d Excess from 2009	556,113			
e Excess from 2010	85,698			

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

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 28 of the instructions.)

1	Information Regarding Foundation Managers:
a	List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2)) N/A
b	List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest. N/A
2	Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:
	Check here <input type="checkbox"/> if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d
a	The name, address, and telephone number of the person to whom applications should be addressed FNZ FOUNDATION INC C/O JAMES D KLAU 787-768-8020 2 CANDINA ST. CANDINA REEF #1601 SAN JUAN PR 00907-1484
b	The form in which applications should be submitted and information and materials they should include N/A
c	Any submission deadlines N/A
d	Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors: N/A

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year See Statement 12				394,717
Total			▶ 3a	394,717
b Approved for future payment N/A				
Total			▶ 3b	

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Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets

Whom Sold	Description	Date Acquired	Date Sold	How Received		Cost	Expense	Depreciation	Net Gain / Loss
				Sale Price	Purchase				
RESEARCH IN MOTION		10/05/09	4/16/10	\$	Purchase	66,796	\$	\$	6,281
AKAMAI TECHNOLOGIES		10/04/07	4/16/10		Purchase	78,831			5,536
APPLIED MATERIALS INC.		8/09/05	10/19/10		Purchase	71,327			-24,339
BERKSHIRE HATHAWAY		12/20/96	2/08/10		Purchase	5,543			68,280
BERKSHIRE HATHAWAY		12/20/96	6/28/10		Purchase	5,543			75,514
CAMECO CORP		10/04/07	10/20/10		Purchase	83,966			-24,023
CAMECO CORP		5/28/08	10/20/10		Purchase	20,135			-5,149
COMCAST CORP.		1/10/97	10/20/10		Purchase	6			3
COMCAST CORP.		1/10/97	10/20/10		Purchase	56,027			-13,713
DISNEY WALT CO		12/20/96	2/08/10		Purchase	3,111			86,131
BERNSTEIN INTL. PORTFOLIO		4/30/99	1/27/10		Purchase	698			-174
BERNSTEIN INTL. PORTFOLIO		4/30/99	4/19/10		Purchase	668			-138
BERNSTEIN INTL. PORTFOLIO		4/30/99	7/16/10		Purchase	645			-199
BERNSTEIN EMERGING MKTS.		12/07/05	7/22/10		Purchase	15,571			-2,756
BERNSTEIN EMERGING MKTS.		12/12/06	7/22/10		Purchase	25,701			-5,916
BERNSTEIN INTL. PORTFOLIO		4/30/99	7/22/10		Purchase	95,173			-27,773
BERNSTEIN INTL. PORTFOLIO		4/30/99	10/14/10		Purchase	567			-105

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Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets (continued)

Whom Sold	Description	Date Acquired	Date Sold	How Received		Cost	Expense	Depreciation	Net Gain / Loss
				Sale Price	Purchase				
CHARLES SCHWAB		1/01/10	12/31/10	\$ 13,079	\$	\$	\$	\$	\$ 13,079
Total				\$ 680,847	\$ 530,308	\$ 0	\$ 0	\$ 0	\$ 150,539

Statement 2 - Form 990-PF, Part I, Line 16a - Legal Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
LEGAL FEES	\$ 418	\$	\$	\$
Total	\$ 418	\$ 0	\$ 0	\$ 0

Statement 3 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
ACCOUNTING	\$ 2,160	\$	\$	\$
Total	\$ 2,160	\$ 0	\$ 0	\$ 0

Statement 4 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
INVESTMENT MANAGEMENT FEES	\$ 56,544	\$ 56,544	\$	\$
Total	\$ 56,544	\$ 56,544	\$ 0	\$ 0

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Statement 5 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
FOREIGN TAXES PAID	\$ 5,606	\$	\$	\$
MISCELLANEOUS TAXES	49			
Total	\$ 5,655	\$ 0	\$ 0	\$ 0

Statement 6 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Expenses				
BANK CHARGES	202	\$	\$	\$
Total	\$ 202	\$ 0	\$ 0	\$ 0

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Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
CHARLES SCHWAB MONEY MARKET FUNDS	\$ 290,932	\$ 77,197	Market	\$ 77,197
Total	\$ 290,932	\$ 77,197		\$ 77,197

Statement 8 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
INVESTMENTS WITH CHARLES SCHWAB	\$ 4,818,286	\$ 5,108,925	Market	\$ 5,108,925
Total	\$ 4,818,286	\$ 5,108,925		\$ 5,108,925

Statement 9 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
INVESTMENTS WITH SANFORD BERNSTEIN	\$ 838,834	\$ 780,321	Market	\$ 780,321
Total	\$ 838,834	\$ 780,321		\$ 780,321

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Statement 10 - Form 990-PF, Part II, Line 15 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Fair Market Value</u>
OTHER ASSETS	\$ 325,729	\$ 816,458	\$ 816,458
Total	\$ 325,729	\$ 816,458	\$ 816,458

Statement 11 - Form 990-PF, Part III, Line 3 - Other Increases

<u>Description</u>	<u>Amount</u>
CHANGES IN MARKET VALUE OF ASSETS	\$ 670,321
Total	\$ 670,321

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Statement 12 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

Name	Address	Relationship	Status	Purpose	Amount
JEM		'JANMADA' NR, SADGURU		ACTION-SOCIAL	36
SARAH LAWRENCE COLLEGE	1 MEAD WAY			EDUCATIONAL	1,000
BRONXVILLE/YONKERS NY	107			EDUCATIONAL	5,000
SALVE REGINA UNIVERSITY	100 OCHRE POINT AVE.			RELIGIOUS	29,114
NEWPORT RI 02840-4192	101 SAN JORGE ST.			HEALTH & RESEARCH SUPPORT	5,100
TEMPLE BETH SHALOM				EDUCATION & OTHERS	120
SAN JUAN PR 00911				RELIGIOUS	100
NEWPORT HOSPITAL FOUNDATI	11 FRIENDSHIP STREET			HEALTH & RESEARCH SUPPORT	100
NEWPORT RI 02840	1109 FIFTH AVE.			EDUCATION & OTHERS	400
THE JEWISH MUSEUM				RELIGIOUS	250
NEW YORK NY 10128	115 EAST 57 STREET ST. 11			RELIGIOUS	18,000
AMERICAN JEWISH CONGRESS	116 WEST 32ND STREET			HEALTH & RESEARCH SUPPORT	100
NEW YORK NY 10022	1275 PEACHTREE STREET NE			EDUCATION & OTHERS	400
NATIONAL HEMOPHELIA	12925 RIVERSIDE DR. 3RD			RELIGIOUS	250
NEW YORK NY 10001	13 KING STREET POB 31936			RELIGIOUS	10,000
BOYS & GIRLS CLUB	1311 MAMARONECK AVENUE			HEALTH & RESEARCH SUPPORT	100
ATLANTA GA 30309-3506	1399 SOUTH ROXBURY DRIVE			RELIGIOUS	50
AMERICAN FRIENDS OF NEVE	145 BORDER STREET		501(c)(3)	RELIGIOUS	18
SHERMAN OAKS CA 91423	1491 CONEY ISLAND AVE.			RELIGIOUS	100
IRAC	165 EAST 56TH STREET			RELIGIOUS	6,720
LEUKEMIA & LYMPHOMA SOC.	17 CLL DALIA			ACTION-SOCIAL	500
WHITE PLAINS NY 10605	205 PORTLAND ST. 6TH FL				
SIMON WIESENTHAL CENTER	BOSTON MA 02114-2792				
LOS ANGELES CA 90035					
PROJECT BREAD					
EAST BOSTON MA 02128					
HATZALAH RESCUE OF ISRAEL					
BROOKLYN NY 11230					
AMERICAN JEWISH COMMITTEE					
NEW YORK NY 10022					
CHABAD OF PR					
CAROLINA PR 00979					
KENNETH B. SCHWARTZ CENT.					
BOSTON MA 02114-2792					

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**Statement 12 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
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Name	Address	Relationship	Status	Purpose	Amount
KENNETH B. SCHWARTZ CENT.	205 PORTLAND STREET BOSTON MA 02114-2792			HEALTH & RESEARCH SUPPORT	180
ALZHEIMER'S ASSN	225 N MICHIGAN AVE. FL 17 CHICAGO IL 60601			HEALTH & RESEARCH SUPPORT	100
UNION CHURCH	2310 LAUREL STREET SAN JUAN PR 00913			ACTION-SOCIAL	50
MUSEO DE ARTE DE PONCE	2325 AVE. LAS AMERICAS PONCE PR 00717			EDUCATION & OTHERS	250
THE LAWRENCEVILLE SCHOOL	2500 MAIN STREET LAWRENCEVILLE NJ 08648			EDUCATIONAL	3,000
TANENBAUM	254 W. 31ST STREET 7TH FL NEW YORK NY 10001			RELIGIOUS	1,719
TEMPLE SINAI	2808 SUMMIT STREET OAKLAND CA 94609			RELIGIOUS	7,113
ISLAND MOVING CO.	3 CHARLES STREET NEWPORT RI 02840			EDUCATION & OTHERS	100
FRIENDS OF THE GLEN	3 FRANK COELHO DRIVE PORTMOUTH RI 02871			EDUCATION & OTHERS	25
HOSPICE EDUCATION INST.	3 UNITY SQUARE PO BOX 98 MACHIASPORT ME 04655-0098			HEALTH & RESEARCH SUPPORT	250
STEPHEN WISE FREE SYNA.	30 WEST 68TH STREET NEW YORK NY 10023			RELIGIOUS	180
NEWPORT PUBLIC LIBRARY	300 SPRING STREET NEWPORT RI 02840			EDUCATION & OTHERS	1,750
CHILD & FAMILY SERVICES	330 DELAWARE AVE. BUFFALO NY 14202		501(c)(3)	ACTION-SOCIAL	5,740
DOCTORS WITHOUT BORDERS	333 7TH AVE 2ND FLOOR NEW YORK NY 10001-5004		501(c)(3)	ACTION-SOCIAL	500
HEBREW CONGREGATION	3935 MACOMB STREET NW WASHINGTON DC 20016-3741			RELIGIOUS	36
DAVID R. STERN FUND	405 FOURTEENTH STREET, SU OAKLAND CA 94612			ACTION-SOCIAL	500
JACOB RADER MARCUS CENTER	406 NATURAL SCIENCE EAST LANSING MI 48824-111			RELIGIOUS	180
THE SMILE TRAIN	41 MADISON AVENUE 28TH FL NEW YORK NY 10010			HEALTH & RESEARCH SUPPORT	250

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Statement 12 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name	Address	Relationship	Status	Purpose	Amount
PRESERVATION SOCIETY OF N NEWPORT RI 02809	424 BELLEVUE AVENUE			EDUCATION & OTHERS	3,434
THE NATURE CONSERVANCY ARLINGTON VA 22203-1606	4245 NORTH FAIRFAX DRIVE 501(c)(3)			ENVIRONMENT	250
MARTIN LUTHER KING CENTER ATLANTA GA 30312	449 AUBURN AVE.			ACTION-SOCIAL	50
AMERICAN JEWISH WORLD NEW YORK NY 10018	45 WEST 36TH STREET			RELIGIOUS	1,000
CRANE LAKE CAMP WEST STOCKBRIDGE MA 01266	46 STATE LINE ROAD			RELIGIOUS	75,010
ROBINSON SCHOOL SAN JUAN PR 00907	5 NAIRN STREET			EDUCATIONAL	200
GREENWICH HOSPITAL GREENWICH CT 06830	5 PERRYRIDGE ROAD			HEALTH & RESEARCH SUPPORT	500
JEWISH COMMUNITY CENTER NEW YORK NY 10018	520 8TH AVENUE			RELIGIOUS	2,437
OUR CHILDREN NEW YORK NY 10027	527 WEST 12TH STREET			RELIGIOUS	36
TERROR FREE TOMORROW WASHINGTON DC 20015-2052	5335 WISCONSIN AVE. N.W.			RELIGIOUS	2,500
U.R.J. NEW YORK NY 10017-6778	633 THIRD AVENUE			ACTION-SOCIAL	1,800
ARZA NEW YORK NY 10017-6778	633 THIRD AVENUE 7TH FL			RELIGIOUS	151,000
NFTY IB ISRAEL NEW YORK NY 10017	633 THIRD AVENUE 7TH FL			RELIGIOUS	860
NFTY ISRAEL NEW YORK NY 10017	633 THIRD AVENUE 7TH FL			RELIGIOUS	500
THE JEWISH FEDERATION DANBURY CT 06810	69 KENOSIA AVENUE			RELIGIOUS	8,675
CYSTIC FIBROSIS FOUNDATIO BETHESDA MD 20814	6931 ARLINGTON ROAD			RELIGIOUS	1,800
AMERICAN FRIENDS OF THE BOCA RATON FL 33433-3423	7280 W PALMETTO #301			HEALTH & RESEARCH SUPPORT	100
				RELIGIOUS	750

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Statement 12 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name	Address	Relationship	Status	Purpose	Amount
NEWPORT ART MUSEUM	76 BELLEVUE AVE.			EDUCATION & OTHERS	5,630
NEWPORT RI 02840					
NEWPORT PERFORMING ART	777 WEST OLIVE STREET			EDUCATION & OTHERS	1,000
NEWPORT OR 97365					
AQUIDNECK ISLAND LAND TRU	790 AQUIDECK AVE		501(c)(3)	ENVIRONMENT	500
MIDDLETOWN RI 02842					
NEWPORT HISTORICAL SOCIETY	82 TOURO STREET			EDUCATION & OTHERS	1,225
NEWPORT RI 02840-2978					
NEWPORT MUSIC FESTIVAL	850 AQUIDNECK AVE #A4			EDUCATION & OTHERS	11,820
MIDDLETOWN RI 02842					
POTTER LEAGUE	87 OLIPHANT LANE			ANIMALS	1,855
MIDDLETOWN RI 02842					
MUSEO DE ARTE CONTEMP.	AVE. JUAN PONDE DE LEON			EDUCATION & OTHERS	5,000
SAN JUAN PR 00910					
ORQUESTA SINFONICA DE PR	CENTRO GUBERNAMENTAL ROBE			EDUCATION & OTHERS	750
SAN JUAN PR 00940-1227					
JDRF WALKTRACKER	JDRF INTERNATIONAL			RELIGIOUS	100
NEW YORK NY 10004					
FRIENDS OF LINDEN PLACE	LINDEN PLACE MUSEUM			EDUCATION & OTHERS	250
BRISTOL RI 02809					
LINDEN PLACE	LINDEN PLACE MUSEUM			EDUCATION & OTHERS	330
BRISTOL RI 02809					
UNITED HEBREW	ONE GUDDER CAMPUS			RELIGIOUS	28
ST. LOUIS MO 63141					
UNITED HEBREW CONG.	ONE GUDDER CAMPUS			RELIGIOUS	2,110
ST. LOUIS MO 63141					
HISTORIC NEW ENGLAND	OTIS HOUSE 141 CAMBRIDGE			EDUCATION & OTHERS	100
BOSTON MA 02114-2702					
JACOB	PO BOX 129			RELIGIOUS	800
WASHINGTON MI 48094					
TEREZIN CHAMBER MUSIC	PO BOX 230206			EDUCATION & OTHERS	250
BOSTON MA 02123					
STAR KIDS SCHOLARSHIPS	PO BOX 6214			EDUCATIONAL	100
MIDDLETOWN RI 02842					
SHEARIM	PO BOX 747			RELIGIOUS	36
BALA CYNWYD PA 19004-0747					

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Statement 12 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name	Address	Relationship	Status	Purpose	Amount
ISRAEL MUSEUM	POB 71117			RELIGIOUS	3,000
NEWPORT ANTIQUE SHOW	MIDDLETOWN RI 02842	ST. GEORGE'S SCHOOL		EDUCATION & OTHERS	300
LEO BAECK COLLEGE		THE STERNBERG CENTER		EDUCATIONAL	10,000
Total					<u>394,717</u>