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

2011

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 2011, or tax year beginning

, 2011, and ending

KRAUSE FAMILY FOUNDATION, INC.
5225 NORTH IRONWOOD ROAD #109
GLENDALE, WI 53217

A Employer identification number
39-6044820

B Telephone number (see the instructions)
(414) 963-8688

C If exemption application is pending, check here ►

D 1 Foreign organizations, check here ►

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 

(c) Adjusted net (d) Disbursements

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 instructions).*)

(a) Revenue and expenses per books

(b) Net investment income

(c) Adjusted net income

**(d) Disbursements
for charitable
purposes
(cash basis only)**

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	46,541.	46,617.	46,617.	
	3 Accounts receivable	1,048.			
	Less: allowance for doubtful accounts ►	859.	1,048.		
	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 instructions)				
	7 Other notes and loans receivable (attach sch.)				
	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)	2,503,958.	2,674,567.	4,632,523.	
	c Investments – corporate bonds (attach schedule)	666,289.	559,075.	574,289.	
	11 Investments – land, buildings, and equipment: basis				
	Less: accumulated depreciation (attach schedule) ►				
	12 Investments – mortgage loans				
	13 Investments – other (attach schedule)	62,878.	87,250.	123,226.	
	14 Land, buildings, and equipment: basis				
	Less: accumulated depreciation (attach schedule)				
	15 Other assets (describe ►)				
	16 Total assets (to be completed by all filers – see the instructions. Also, see page 1, item I)	3,280,525.	3,368,557.	5,376,655.	
LIABILITIES	17 Accounts payable and accrued expenses				
	18 Grants payable				
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, & 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 FUND BALANCES	Foundations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24 Unrestricted	2,006,906.	2,094,938.		
	25 Temporarily restricted				
	26 Permanently restricted	1,273,619.	1,273,619.		
	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, building, and equipment fund				
	29 Retained earnings, accumulated income, endowment, or other funds				
	30 Total net assets or fund balances (see instructions)	3,280,525.	3,368,557.		
	31 Total liabilities and net assets/fund balances (see instructions)	3,280,525.	3,368,557.		

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	3,280,525.
2 Enter amount from Part I, line 27a	2	116,237.
3 Other increases not included in line 2 (itemize)	3	
4 Add lines 1, 2, and 3	4	3,396,762.
5 Decreases not included in line 2 (itemize)	5	28,205.
6 Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	3,368,557.

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 shares MLC Company)			(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a ROBERT W. BAIRD LONG TERM			P	VARIOUS	VARIOUS
b ROBERT W. BAIRD SHORT TERM			P	VARIOUS	VARIOUS
c BROADCOM ROC			P	VARIOUS	VARIOUS
d					
e					
(e) Gross sales price		(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a 716,282.			408,353.	307,929.	
b 115,823.			128,145.	-12,322.	
c 1,260.			1,260.	0.	
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69					
(i) Fair Market Value as of 12/31/69		(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h)) gain minus column (k), but not less than -0- or Losses (from column (h))	
a				307,929.	
b				-12,322.	
c				0.	
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	295,607.
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 instructions). If (loss), enter -0- in Part I, line 8.				3	0.

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 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 (column (b) divided by column (c))
2010	263,912.	5,229,480.	0.050466
2009	240,064.	4,855,843.	0.049438
2008	306,214.	5,976,853.	0.051233
2007	338,317.	6,880,049.	0.049174
2006	343,611.	6,774,041.	0.050725

- 2 Total of line 1, column (d) 2 0.251036
- 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 0.050207
- 4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5 4 5,621,086.
- 5 Multiply line 4 by line 3 5 282,218.
- 6 Enter 1% of net investment income (1% of Part I, line 27b) 6 3,875.
- 7 Add lines 5 and 6 7 286,093.
- 8 Enter qualifying distributions from Part XII, line 4 8 274,004.

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)

1 a 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 instrs)	
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 7,750.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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 7,750.
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 7,750.
6 Credits/Payments:	
a 2011 estimated tax pmts and 2010 overpayment credited to 2011	6a 680.
b Exempt foreign organizations – tax withheld at source	6b
c Tax paid with application for extension of time to file (Form 8868)	6c 9,000.
d Backup withholding erroneously withheld	6d
7 Total credits and payments. Add lines 6a through 6d	7 9,680.
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 0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10 1,930.
11 Enter the amount of line 10 to be: Credited to 2012 estimated tax	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?	1a X		
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1b X		
<i>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.</i>			
c Did the foundation file Form 1120-POL for this year?	1c X		
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation	\$ 0.	(2) On foundation managers	\$ 0.
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers.	\$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS?	2 X		
<i>If 'Yes,' attach a detailed description of the activities</i>			
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? <i>If 'Yes,' attach a conformed copy of the changes</i>	3 X		
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a X		
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	4b N/A		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?	5 X		
<i>If 'Yes,' attach the statement required by General Instruction T.</i>			
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or			
• By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6 X		
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	7 X		
8a Enter the states to which the foundation reports or with which it is registered (see instructions)			
<i>WI</i>			
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? <i>If 'No,' attach explanation</i>	8b X		
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV.</i>	9 X		
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>	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 instructions).....	11	X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions).....	12	X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? ..	13	X
Website address..... ► N/A			
14	The books are in care of ► CHARLES A. KRAUSE Telephone no. ► (414) 963-8688 Located at ► 5225 N. IRONWOOD SUITE 109 GLENDALE WI ZIP + 4 ► 53217		
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 2011, 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 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 instructions)?	1b	N/A
Organizations relying on a current notice regarding disaster assistance check here..... ► <input type="checkbox"/>			
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 2011?	1c	X
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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011?..... If 'Yes,' list the years ► 20__ , 20__ , 20__ , 20__	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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.)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20__ , 20__ , 20__ , 20__		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If 'Yes,' did it have excess business holdings in 2011 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 2011.)	3b	N/A
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 2011?	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 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 instructions)?

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?

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?

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

If 'Yes' to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?... Yes No

b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction? ... **N/A**

Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Other Key Executives

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 instructions).

List all officers, directors, trustees, foundation managers and their compensation (see 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
CAROL K. WYTHES 5225 N. IRONWOOD RD SUITE 109 GLENDALE, WI 53217	PRESIDENT 0	0.	0.	0.
CHARLES A. KRAUSE 5225 N. IRONWOOD RD SUITE 109 GLENDALE, WI 53217	SECRETARY/TR 0	0.	0.	0.
VICTORIA KRAUSE MAYER 5225 N. IRONWOOD RD SUITE 109 GLENDALE, WI 53217	ASST. SECRET 0	0.	0.	0.
-----	-----	-----	-----	-----

2 Compensation of five highest-paid employees (other than those included on line 1 – see 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
<u>NONE</u>				

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 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	N/A	
2		
3		
4		

Part IX-B Summary of Program-Related Investments (see 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 instructions.		
3		
Total. Add lines 1 through 3.		0

All other program-related investments. See instructions.

3

Retain Add lines 1 through 8.

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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	5,508,686.
b Average of monthly cash balances.....	1b	198,000.
c Fair market value of all other assets (see instructions).....	1c	
d Total (add lines 1a, b, and c)	1d	5,706,686.
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	5,706,686.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions).....	4	85,600.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.....	5	5,621,086.
6 Minimum investment return. Enter 5% of line 5	6	281,054.

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	281,054.
2a Tax on investment income for 2011 from Part VI, line 5.....	2a	7,750.
b Income tax for 2011. (This does not include the tax from Part VI).	2b	
c Add lines 2a and 2b.	2c	7,750.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	273,304.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	273,304.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	273,304.

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	274,004.
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	274,004.
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 instructions)	5	
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	274,004.

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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7.				273,304.
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only.			0.	
b Total for prior years: 20____, 20____, 20____		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006	7,910.			
b From 2007	3,798.			
c From 2008	8,473.			
d From 2009.....	1,327.			
e From 2010.....	3,770.			
f Total of lines 3a through e	25,278.			
4 Qualifying distributions for 2011 from Part XII, line 4: ► \$ 274,004.			0.	
a Applied to 2010, 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 2011 distributable amount.....				273,304.
e Remaining amount distributed out of corpus	700.			
5 Excess distributions carryover applied to 2011 (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	25,978.			
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 2010. Subtract line 4a from line 2a. Taxable amount – see instructions.			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)	7,910.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a...	18,068.			
10 Analysis of line 9:				
a Excess from 2007.	3,798.			
b Excess from 2008	8,473.			
c Excess from 2009	1,327.			
d Excess from 2010.	3,770.			
e Excess from 2011	700.			

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

N/A

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, 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)		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				
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)(ii)				
(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 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:

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:

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)				
<i>a Paid during the year</i>				
Total				► 3a
<i>b Approved for future payment</i>				
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 instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion 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	32,199.	
4 Dividends and interest from securities			14	107,586.	
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			15	14,370.	
8 Gain or (loss) from sales of assets other than inventory			18	295,607.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a EL PASO PIPELINE PARTNERS			1	-1,584.	
b KINDER MORGAN ENERGY PRTN			1	-2,566.	
c WILLIAMS PARTNERS LP			1	-4,222.	
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				441,390.	
13 Total. Add line 12, columns (b), (d), and (e)					441,390.

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

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

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

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting foundation to a noncharitable exempt organization of:

(1) Cash
(2) Other assets

b Other transactions:

- (1) Sales of assets to a noncharitable exempt organization.**
- (2) Purchases of assets from a noncharitable exempt organization**
- (3) Rental of facilities, equipment, or other assets**
- (4) Reimbursement arrangements**
- (5) Loans or loan guarantees**
- (6) Performance of services or membership or fundraising solicitations.**

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

	Yes	No
1a (1)		X
1a (2)		X
1b (1)		X
1b (2)		X
1b (3)		X
1b (4)		X
1b (5)		X
1b (6)		X
1c		X

d If the answer to any of the above is 'Yes,' complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

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

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

Yes No

b If 'Yes,' complete the following schedule.

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

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) is based on all information of which preparer has any knowledge

**Sign
Here**

► Charley A. Krause

16/15/12

► PRESIDENT Secretary/Treas

May the IRS discuss this return with the preparer shown below (see instructions)?

Signature of officer or trustee		Date	Title		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	JENNIFER BOGLI		JENNIFER BOGLI	6/11/12		P00151743
	Firm's name	► JAMES L. MOHR & ASSOCIATES LLP			Firm's EIN ► 39-2032480	
	Firm's address	► 10700 RESEARCH DRIVE, SUITE 145			Phone no (414) 302-4020	
	MILWAUKEE, WI 53226					

BAA

Form 990-PF (2011)

2011

FEDERAL STATEMENTS

PAGE 1

CLIENT KRA500

KRAUSE FAMILY FOUNDATION, INC.

39-6044820

6/11/12

09:32AM

STATEMENT 1
FORM 990-PF, PART I, LINE 11
OTHER INCOME

	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
EL PASO PIPELINE PARTNERS.....	\$ -1,584.	\$ -1,584.	
KINDER MORGAN ENERGY PRTN.....	\$ -2,566.	\$ -2,566.	
OTHER INVESTMENT INCOME.....	\$ 14,370.	\$ 14,370.	
WILLIAMS PARTNERS LP.....	\$ -4,222.	\$ -4,222.	
TOTAL	\$ 5,998.	\$ 5,998.	0.

STATEMENT 2
FORM 990-PF, PART I, LINE 16B
ACCOUNTING FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING SERVICES.....	\$ 4,224.	\$ 4,224.		
TAX PREPARATION.....	\$ 1,500.	\$ 1,500.		
TOTAL	\$ 5,724.	\$ 5,724.	\$ 0.	0.

STATEMENT 3
FORM 990-PF, PART I, LINE 16C
OTHER PROFESSIONAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT COUNSELING.....	\$ 42,247.	\$ 42,247.		
TOTAL	\$ 42,247.	\$ 42,247.	\$ 0.	0.

STATEMENT 4
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX PAID.....	\$ 4,837.	\$ 4,837.		
TAX REFUND.....	\$ -2,734.			
TOTAL	\$ 2,103.	\$ 4,837.	\$ 0.	0.

2011

FEDERAL STATEMENTS

PAGE 2

CLIENT KRA500

KRAUSE FAMILY FOUNDATION, INC.

39-6044820

6/11/12

09:32AM

STATEMENT 5
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ANNUAL REPORT FEE	\$ 10.	\$ 10.		
MEETING EXPENSE	354.	354.		
OFFICE EXPENSE	311.	311.		
OTHER EXPENSES	400.	400.		
TOTAL	\$ 1,075.	\$ 1,075.	\$ 0.	\$ 0.

STATEMENT 6
FORM 990-PF, PART I, LINE 25
CONTRIBUTIONS, GIFTS, AND GRANTS

CASH GRANTS AND ALLOCATIONS

CLASS OF ACTIVITY:	GENERAL OPERATING
DONEE'S NAME:	SEE ATTACHED STATEMENT #8
DONEE'S ADDRESS:	
RELATIONSHIP OF DONEE:	NONE
ORGANIZATIONAL STATUS OF DONEE:	PUBLIC
AMOUNT GIVEN:	\$ 274,004.
	TOTAL \$ 274,004.

STATEMENT 7
FORM 990-PF, PART III, LINE 5
OTHER DECREASES

BOND PREMIUM AMORTIZATION	\$ 14,024.
RETURN OF CAPITAL ON VARIOUS INVESTMENTS	14,181.
TOTAL	\$ 28,205.

KRAUSE FAMILY FOUNDATION

CONTRIBUTIONS

January 1 through December 31, 2011

Admission Possible	\$1,000
Aurora Visiting Nurse Assn. of Wisconsin	2,000
Betty Brinn Children's Museum	1,000
Boys & Girls Clubs of Greater Milw.- Oper.	6,000
Children's Hospital and Health System	1,000
Children's Service Society of Wisconsin	1,000
COA Youth and Family Centers	2,000
Curative Foundation	3,000
Economics Wisconsin	1,000
Greater Milwaukee Foundation	1,000
The Heartland Institute	1,000
Hope House of Milwaukee Inc.	1,000
Hunger Task Force of Milwaukee	5,000
International Crane Foundation	6,000
Kids From Wisconsin	5,000
Kradwell School - Operating Fund	1,000
Latino Community Center	1,000
Literacy Services of Wisconsin Inc.	1,000
MACC Fund	1,000
Medical College of Wisconsin	3,000
Milwaukee Art Museum - Operating	2,000
Milwaukee Ballet	1,000
Milwaukee Public Museum, Friends - Operating Fund	24,000
Milwaukee Public Museum, Friends - Capital - Programs/Exhibits	30,000
Milwaukee Rescue Mission	5,000
Milwaukee Symphony Friends	30,000
Milwaukee Symphony Orchestra - ACE	5,000
Milwaukee Tennis & Education Foundation	1,000
Milwaukee Wave of Kindness, Inc.	25,000
MPTV Friends (Channel 10/36 Friends)	1,000
Neighborhood House of Milw.Inc.- Oper.	4,000
Our Next Generation Inc.	2,000
PAVE	3,000
Pearls for Teen Girls Inc.	2,000
Planned Parenthood of Wisconsin, Inc.	1,000

stmt 8 1/2

KRAUSE FAMILY FOUNDATION

CONTRIBUTIONS
January 1 through December 31, 2011

Riveredge Nature Center	1,000
Rosalie Manor Commun. & Fam.Svcs.	2,000
Running Rebels Community Organization	1,000
Safe & Sound	2,000
Salvation Army	15,000
Schlitz Audubon Nature Center, Friends of	3,000
School Choice Wisconsin	1,000
Silver Spring Neighborhood Center	4,000
Skylight Opera Theatre	5,000
Sojourner Family Peace Center	5,000
Ten Chimneys	4,000
United Performing Arts Fund Inc.	10,000
University School - AIE	7,000
WCCF - Business World	2,000
Wisconsin Found. of Independent Colleges	1,000
Wisconsin Humane Society	4,000
Wisconsin Taxpayers Alliance	1,000
Wisconsin Women's Business Initiative	3,000
Women's Fund of Greater Milwaukee	1,000
Zoological Society - Platypus Society	2,000
	<hr/>
	<u>\$254,000</u>

MATCHING GIFT PROGRAM

American Cancer Society	\$14.20
American Red Cross in Greater New York	355.00
Broadcasters Foundation of America	53.25
Columbia Business School	532.50
Jumpstart for Young Children Inc.	9,904.50
Metropolitan Museum of Art	282.58
Miss Porter's School	71.00
Museum of Modern Art	167.56
New York Women's Foundation	710.00
Off the Mat, Into the World	53.25
Princeton University	820.05
Roman Catholic Diocese of Charlotte	255.60
Rye Country Day School	710.00
St. Mark Catholic Church	1,977.35
Stamford Hospital Foundation	3,429.30
Volunteer Lawyers for the Arts	88.75
Waveny Care Network	436.65
World Team Sports	142.00
	<hr/>
	<u>\$20,003.54</u>

Application for Extension of Time To File an
Exempt Organization Return

OMB No. 1545-1709

Department of the Treasury
Internal Revenue Service

► File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ►
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).A corporation required to file Form 990-T and requesting an automatic 6-month extension – check this box and complete Part I only. ► *All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns.*

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions	Name of exempt organization or other filer, see instructions. KRAUSE FAMILY FOUNDATION, INC.	Employer identification number (EIN) or 39-6044820
	Number, street, and room or suite number. If a P.O. box, see instructions 5225 NORTH IRONWOOD ROAD #109	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. GLENDALE, WI 53217	

Enter the Return code for the return that this application is for (file a separate application for each return) 04

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of. ► CHARLES A. KRAUSE -----

Telephone No. ► (414) 963-8688 FAX No. ► (414) 963-8699

- If the organization does not have an office or place of business in the United States, check this box ►
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) If this is for the whole group, check this box .. ► . If it is for part of the group, check this box ► and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 8/15, 20 12, to file the exempt organization return for the organization named above.

The extension is for the organization's return for:

- calendar year 20 11 or
- tax year beginning _____, 20 ___, and ending _____, 20 ____.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.....	3a \$ 9,680.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b \$ 680.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	3c \$ 9,000.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.