EXTENSION GRANTED TO 8/15/2012

Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2011

For calendar year 2011 or tax year beginning , and ending

Name of foundation: THE WORKS OF GRACE FOUNDATION

A Employer identification number: 75-2906814

Number and street (or P O box number if mail is not delivered to street address): P.O. BOX 9050 Room/suite

B Telephone number: (208)726-0621

City or town, state, and ZIP code: KETCHUM, ID 83340

C If exemption application is pending, check here ▶ ☐

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

D 1. Foreign organizations, check here ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

H Check type of organization: [X] Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 3,515,370.

J Accounting method [X] Cash ☐ Accrual ☐ Other (specify) *(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 ▶ ☐

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))

		(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	0.		N/A	
	2 Check ▶ [X] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	1,125.	1,125.		STATEMENT 1
	4 Dividends and interest from securities	103,731.	103,731.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	87,017.			
	b Gross sales price for all assets on line 6a 964,670.				
	7 Capital gain net income (from Part IV, line 2)		87,017.		
	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				
	12 **Total.** Add lines 1 through 11	191,873.	191,873.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	43,131.	13,232.		29,899.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees STMT 3	155.	77.		78.
	b Accounting fees STMT 4	6,212.	3,106.		3,106.
	c Other professional fees				
	17 Interest				
	18 Taxes STMT 5	7,109.	2,202.		3,507.
	19 Depreciation and depletion	1,229.	0.		
	20 Occupancy				
	21 Travel, conferences, and meetings	93.	0.		93.
	22 Printing and publications				
	23 Other expenses STMT 6	15,551.	10,803.		4,748.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	73,480.	29,420.		41,431.
	25 Contributions, gifts, grants paid	269,250.			194,250.
	26 **Total expenses and disbursements.** Add lines 24 and 25	342,730.	29,420.		235,681.
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-150,857.			
	b **Net investment income** (if negative, enter -0-)		162,453.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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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 (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	303,789.	250,872.	250,872.
	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 8	1,438,326.	1,576,626.	1,576,626.
	c Investments - corporate bonds STMT 9	1,523,039.	1,055,973.	1,055,973.
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 10	636,800.	629,931.	629,931.
	14 Land, buildings, and equipment basis ▶ 45,029.			
	Less accumulated depreciation STMT 7 ▶ 43,061.	3,197.	1,968.	1,968.
	15 Other assets (describe ▶ STATEMENT 11)	75,000.	0.	0.
	16 **Total assets** (to be completed by all filers)	3,980,151.	3,515,370.	3,515,370.
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 ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	0.	0.	
	28 Paid-in or capital surplus, or land, bldg , and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	3,980,151.	3,515,370.	
	30 **Total net assets or fund balances**	3,980,151.	3,515,370.	
	31 **Total liabilities and net assets/fund balances**	3,980,151.	3,515,370.	

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	3,980,151.
2 Enter amount from Part I, line 27a	2	-150,857.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	3,829,294.
5 Decreases not included in line 2 (itemize) ▶ UNREALIZED LOSS	5	313,924.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	3,515,370.

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	CAPITAL GAIN DISTRIBUTION	P	VARIOUS	VARIOUS
b	CHARLES SCHWAB #5185 - SEE ATTACHED			
c	STATEMENT	P	VARIOUS	VARIOUS
d	CHARLES SCHWAB #5185 - SEE ATTACHED			
e	STATEMENT	P	VARIOUS	VARIOUS

	(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	28,680.			28,680.
b				
c	110,194.		103,514.	6,680.
d				
e	825,796.		774,139.	51,657.

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

	(i) F M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				28,680.
b				
c				6,680.
d				
e				51,657.

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	87,017.
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))
2010	498,888.	3,984,793.	.125198
2009	533,856.	3,724,493.	.143337
2008	444,220.	6,773,185.	.065585
2007	462,135.	7,987,584.	.057857
2006	251,471.	7,598,026.	.033097

2 **Total** of line 1, column (d)	2	.425074
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	.085015
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	3,740,762.
5 Multiply line 4 by line 3	5	318,021.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,625.
7 Add lines 5 and 6	7	319,646.
8 Enter qualifying distributions from Part XII, line 4	8	235,681.

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 ▶ ☐ and enter "N/A" on line 1 Date of ruling or determination letter ______ (attach copy of letter if necessary-see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b		1	3,249.
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	3,249.
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	3,249.
6	Credits/Payments			
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a 1,619.		
b	Exempt foreign organizations - tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c 2,300.		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments Add lines 6a through 6d		7	3,919.
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached		8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶		9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶		10	670.
11	Enter the amount of line 10 to be **Credited to 2012 estimated tax** ▶ 670.	Refunded ▶	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 instructions for definition)?	1b		X
	If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.			
c	Did the foundation file **Form 1120-POL** for this year?	1c		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? *If "Yes," attach a detailed description of the activities.*	2		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*	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? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		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?	6	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.*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ ID,TX			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	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)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
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 ▶ WWW.WORKSOFGRACEFOUNDATION.ORG

14 The books are in care of ▶ VICKI BROWNE Telephone no. ▶ (208) 726-0621

Located at ▶ P. O. BOX 9050, KETCHUM, ID ZIP+4 ▶ 83340

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

			Yes	No
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?	16		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22 1 If "Yes," enter the name of the foreign country ▶			

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

	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly)			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☒ Yes ☐ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☒ Yes ☐ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b		X
	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 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? ☐ Yes ☒ No			
	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) 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 ▶ ______, ______, ______, ______			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 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)* 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 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)? ☐ 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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 6b | 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.

(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
THERESA CASTELLANO P.O. BOX 9050 KETCHUM, ID 83340	VICE-PRESIDENT 20.00	0.	0.	0.
BENJAMIN DAVID WOOD P.O. BOX 9050 KETCHUM, ID 83340	PRESIDENT 35.00	16,667.	0.	0.
VICKI BROWNE P.O. BOX 9050 KETCHUM, ID 83340	SECRETARY/TREASURER 7.00	26,464.	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 N/A	
2	
3	
4	

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 N/A	
2	
All other program-related investments. See instructions. 3	
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	3,419,546.
b	Average of monthly cash balances	1b	163,380.
c	Fair market value of all other assets	1c	214,802.
d	**Total** (add lines 1a, b, and c)	1d	3,797,728.
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	3,797,728.
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	56,966.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	3,740,762.
6	**Minimum investment return.** Enter 5% of line 5	6	187,038.

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	187,038.
2a	Tax on investment income for 2011 from Part VI, line 5	2a	3,249.		
b	Income tax for 2011 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	3,249.
3	Distributable amount before adjustments Subtract line 2c from line 1			3	183,789.
4	Recoveries of amounts treated as qualifying distributions			4	0.
5	Add lines 3 and 4			5	183,789.
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	183,789.

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	235,681.
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	235,681.
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	235,681.

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				183,789.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only			0.	
b Total for prior years: ____ , ____ , ____		0.		
3 Excess distributions carryover, if any, to 2011				
a From 2006				
b From 2007 65,219.				
c From 2008 106,422.				
d From 2009 272,631.				
e From 2010 301,182.				
f Total of lines 3a through e	745,454.			
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ $ 235,681.				
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				183,789.
e Remaining amount distributed out of corpus	51,892.			
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	797,346.			
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 instr			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)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7	0.			
9 **Excess distributions carryover to 2012.** Subtract lines 7 and 8 from line 6a	797,346.			
10 Analysis of line 9				
a Excess from 2007 65,219.				
b Excess from 2008 106,422.				
c Excess from 2009 272,631.				
d Excess from 2010 301,182.				
e Excess from 2011 51,892.				

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 2011, 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)

	Tax year	Prior 3 years			
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	(e) Total
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					
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 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))

THERESA CASTELLANO

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 ▶ [X] 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 Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
BLAINE COUNTY EDUCATION FOUNDATION 1050 FOX ACRES ROAD, COMMUNITY CAMPUS HAILEY, ID 83333	N/A	501(C)3	TO SUPPORT ORGANIZATION	26,000.
BLAINE COUNTY RECREATION DISTRICT 1050 FOX ACRES ROAD, #107 HAILEY, ID 83333	N/A	501(C)3	TO SUPPORT ORGANIZATION	12,250.
CARITAS CHORALE LIMITED P.O. BOX 164 KETCHUM, ID 83340	N/A	501(C)3	TO SUPPORT ORGANIZATION	250.
CHRISTIAN HERITAGE SCHOOL OF LONGVIEW 2715 FM 1844 LONGVIEW, TX 75605	N/A	501(C)3	TO SUPPORT ORGANIZATION	1,000.
COLLEGES - CHILDREN OF BLAINE CO TEACHERS 100 CONGRESS STE 2200 AUSTIN, TX 78701	N/A	IRC. SEC. 4945(G)	TO SUPPORT SCHOLARSHIP PROGRAM	56,000.
Total SEE CONTINUATION SHEET(S)			▶ 3a	269,250.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

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
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	1,125.	
4 Dividends and interest from securities			14	103,731.	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	87,017.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)		0.		191,873.	0.

13 Total. Add line 12, columns (b), (d), and (e) 13 191,873.

(See worksheet in line 13 instructions to verify calculations)

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

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

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

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	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		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer or trustee: [signature] Date: 5/17/12 Title: PRESIDENT

May the IRS discuss this return with the preparer shown below (see instr)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
STEPHANIE S. TODD	[signature] CPA	17 MAY 2012		P00175982

Firm's name ▶ DURBIN BENNETT PETERSON TAX ADVISORS — Firm's EIN ▶ 74-2473150

Firm's address ▶ 100 CONGRESS AVENUE, SUITE 1600 AUSTIN, TX 78701 — Phone no 512-439-4800

DURBIN
BENNETT
PETERSON

Realized Gains and Losses By Category

Fiscal Year Ending 12/31/2011

·Works of Grace Foundation   Funding Account   Acct #   5185

Short Term Capital Gains and Losses

Description	Date Acquired	Date Sold	Quantity	Net Proceeds	Cost	Short Term Gains
DFA Emerging Markets Small	12/09/2010	11/15/2011	23 411	454 36	542 67	-88 31
DFA Emerging Markets Small	12/09/2010	11/15/2011	171 082	3,320 33	3,965 67	-645 34
DFA Emerging Markets Small	06/08/2011	11/15/2011	34 693	673 32	828 11	-154 79
DFA Emerging Markets Small	09/08/2011	11/15/2011	35 542	689 80	751 71	-61 91
			264 728	5,137 81	6,088 16	-950 35
First Eagle Overseas Inst'l	12/16/2010	10/05/2011	105 499	2,266 54	2,374 79	-108 25
First Eagle Overseas Inst'l	12/16/2010	10/05/2011	186 884	4,015 02	4,206 77	-191 75
			292 383	6,281 56	6,581 56	-300 00
Harding Loevner Instl Emerging	12/17/2010	10/05/2011	14 304	189 29	239 88	-50 59
Loomis Sayles Strategic Income	04/27/2010	04/13/2011	55 716	852 36	803 98	48 38
Loomis Sayles Strategic Income	06/22/2010	04/13/2011	58 198	890 34	816 52	73 82
Loomis Sayles Strategic Income	07/07/2010	04/13/2011	3,445 169	52,705 82	48,170 35	4,535 47
Loomis Sayles Strategic Income	07/27/2010	04/13/2011	129 459	1,980 52	1,848 67	131 85
Loomis Sayles Strategic Income	08/24/2010	04/13/2011	109 246	1,671 29	1,562 22	109 07
Loomis Sayles Strategic Income	09/21/2010	04/13/2011	116 149	1,776 90	1,694 62	82 28
Loomis Sayles Strategic Income	10/26/2010	04/13/2011	112 416	1,719 79	1,670 50	49 29
Loomis Sayles Strategic Income	11/23/2010	04/13/2011	116 510	1,782 42	1,710 37	72 05
Loomis Sayles Strategic Income	12/21/2010	04/13/2011	168 263	2,574 16	2,456 64	117 52
Loomis Sayles Strategic Income	01/25/2011	04/13/2011	120 838	1,848 64	1,805 32	43 32
Loomis Sayles Strategic Income	02/22/2011	04/13/2011	121 607	1,860 40	1,824 10	36 30
Loomis Sayles Strategic Income	03/22/2011	04/13/2011	117 473	1,797 16	1,764 44	32 72
			4,671 044	71,459 80	66,127 73	5,332 07
PIMCO Commodity Real Retur	06/17/2010	04/13/2011	555 672	5,406 08	4,178 65	1,227 43
PIMCO Commodity Real Retur	09/16/2010	04/13/2011	606 646	5,902 00	4,828 90	1,073 10
PIMCO Commodity Real Retur	12/31/2010	04/13/2011	466 390	4,537 46	4,332 76	204 70
PIMCO Commodity Real Retur	03/17/2011	04/13/2011	603 885	5,875 13	5,640 29	234 84
			2,232 593	21,720 67	18,980 60	2,740 07
PIMCO Short-Term Inst'l Fund	10/29/2010	10/05/2011	49 564	482 77	492 67	-9 90
PIMCO Short-Term Inst'l Fund	11/30/2010	10/05/2011	51 002	496 77	506 45	-9 68
PIMCO Short-Term Inst'l Fund	01/31/2011	10/05/2011	55 449	540 09	547 84	-7 75
PIMCO Short-Term Inst'l Fund	02/28/2011	10/05/2011	63 926	622 66	632 23	-9 57
PIMCO Short-Term Inst'l Fund	03/31/2011	10/05/2011	66 627	648 96	658 94	-9 98
PIMCO Short-Term Inst'l Fund	04/29/2011	10/05/2011	69 568	677 61	690 11	-12 50
PIMCO Short-Term Inst'l Fund	05/31/2011	10/05/2011	67 011	652 71	664 08	-11 37
PIMCO Short-Term Inst'l Fund	06/30/2011	10/05/2011	68 670	668 86	679 83	-10 97
PIMCO Short-Term Inst'l Fund	07/29/2011	10/05/2011	63 062	614 24	623 68	-9 44
			554 879	5,404 67	5,495 83	-91 16
Short Term Gains (Sales)				110,193 80	103,513 76	6,680 04

Realized Gains and Losses By Category
Fiscal Year Ending 12/31/2011

-Works of Grace Foundation Funding Account Acct # -5185

Long Term Capital Gains and Losses

Description	Date Acquired	Date Sold	Quantity	Net Proceeds	Cost	Long Term Gains
DFA Emerging Markets Small	03/09/2010	11/15/2011	1 589	30 84	31 66	-0 82
DFA Emerging Markets Small	03/15/2010	11/15/2011	1,765 895	34,272 24	35,123 55	-851 31
DFA Emerging Markets Small	09/08/2010	11/15/2011	27 520	534 11	596 90	-62 79
			1,795 004	34,837 19	35,752 11	-914 92
First Eagle Overseas Inst'l	03/15/2010	10/05/2011	243 369	5,228 55	4,935 56	292 99
First Eagle Overseas Inst'l	04/16/2010	10/05/2011	1,190 419	25,575 00	25,000 00	575 00
First Eagle Overseas Inst'l	05/14/2010	10/05/2011	2,461 823	52,889 89	50,000 00	2,889 89
			3,895 611	83,693 44	79,935 56	3,757 88
Harding Loevner Instl Emerging	05/12/2010	10/05/2011	1,495 130	19,785 71	21,745 90	-1,960 19
Harding Loevner Instl Emerging	05/12/2010	11/15/2011	4,073 990	60,392 27	59,254 10	1,138 17
			5,569 120	80,177 98	81,000 00	-822 02
iShares S&P MidCap 400 Index	02/11/2010	10/05/2011	100 000	7,761 73	7,069 90	691 83
iShares S&P MidCap 400 Index	02/11/2010	10/05/2011	186 000	14,436 64	13,150 01	1,286 63
iShares S&P MidCap 400 Index	02/11/2010	10/05/2011	100 000	7,760 73	7,069 90	690 83
			386 000	29,959 10	27,289 81	2,669 29
Loomis Sayles Strategic Income	02/22/2010	04/13/2011	11,555 994	176,789 05	161,000 00	15,789 05
Loomis Sayles Strategic Income	02/23/2010	04/13/2011	58 781	899 26	814 70	84 56
Loomis Sayles Strategic Income	03/23/2010	04/13/2011	54 050	826 89	772 38	54 51
			11,668 825	178,515 20	162,587 08	15,928 12
PIMCO Commodity Real Retur	02/11/2010	04/13/2011	7,534 548	73,302 85	60,000 00	13,302 85
PIMCO Commodity Real Retur	02/22/2010	04/13/2011	6,169 753	60,024 90	50,000 00	10,024 90
PIMCO Commodity Real Retur	03/15/2010	04/13/2011	6,262 531	60,927 53	50,000 00	10,927 53
PIMCO Commodity Real Retur	03/18/2010	04/13/2011	494 663	4,812 53	3,922 68	889 85
			20,461 495	199,067 81	163,922 68	35,145 13
PIMCO Short-Term Inst'l Fund	03/31/2010	10/05/2011	37 016	360 55	365 35	-4 80
PIMCO Short-Term Inst'l Fund	04/01/2010	10/05/2011	1,758 107	17,124 40	17,355 41	-231 01
PIMCO Short-Term Inst'l Fund	04/30/2010	10/05/2011	48 893	476 23	483 55	-7 32
PIMCO Short-Term Inst'l Fund	07/30/2010	10/05/2011	62 344	607 24	616 58	-9 34
PIMCO Short-Term Inst'l Fund	08/31/2010	10/05/2011	54 022	526 18	535 36	-9 18
PIMCO Short-Term Inst'l Fund	09/30/2010	10/05/2011	48 842	475 73	485 00	-9 27
			2,009 224	19,570 33	19,841 25	-270 92
PIMCO Short-Term Inst'l Fund	02/10/2010	12/29/2011	6,801 144	65,826 84	66,994 76	-1,167 92
PIMCO Short-Term Inst'l Fund	02/26/2010	12/29/2011	26 685	258 28	263 11	-4 83
PIMCO Short-Term Inst'l Fund	04/01/2010	12/29/2011	13,436 928	130,053 20	132,644 59	-2,591 39
PIMCO Short-Term Inst'l Fund	06/30/2010	12/29/2011	51 216	495 71	504 99	-9 28
PIMCO Short-Term Inst'l Fund	12/08/2010	12/29/2011	151 528	1,466 61	1,494 07	-27 46

Realized Gains and Losses By Category

Fiscal Year Ending 12/31/2011

-Works of Grace Foundation Funding Account Acct # -5185

Long Term Capital Gains and Losses

Description	Date Acquired	Date Sold	Quantity	Net Proceeds	Cost	Long Term Gains
PIMCO Short-Term Inst'l Fund	12/08/2010	12/29/2011	193 656	1,874 36	1,909 45	-35 09
			20,661 157	199,975 00	203,810 97	-3,835 97
			22,670 381	219,545 33	223,652 22	-4,106 89
Long Term Gains (Sales)				825,796 05	774,139 46	51,656 59
Total Gains (Sales)				935,989 85	877,653 22	58,336 63
Total Short Term Gains						6,680 04
Total Long Term Gains						51,656 59
Total Gains						**58,336.63**

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
COMMUNITY LIBRARY ASSOCIATION INC. 415 SPRUCE AVENUE N KETCHUM, ID 83340	N/A	501(C)3	TO SUPPORT ORGANIZATION	2,000.
COMPANY OF FOOLS INC. P.O.BOX 329 HAILEY, ID 83333	N/A	501(C)3	TO SUPPORT ORGANIZATION	15,000.
EXODUS SCHOOL (AKA EAST HARLEM SCHOOL) 309 EAST 103RD STREET NEW YORK, NY 10029	N/A	501(C)3	TO SUPPORT ORGANIZATION	200.
CANCER SUPPORT COMMUNITY NORTH TEXAS (FKA GILDA'S CLUB NORTH TEXAS) ONE WORKS OF GRACE PLAZA, 2710 OAK LAWN DALLAS, TX 75219	N/A	501(C)3	TO SUPPORT ORGANIZATION	75,000.
LIVING WITH WOLVES LTD. P.O BOX 896 SUN VALLEY, ID 83353	N/A	501(C)3	TO SUPPORT ORGANIZATION	500.
SAWTOOTH BOTANICAL GARDEN INC. 3 GIMLET RD., P.O. BOX 928 SUN VALLEY, ID 83353	N/A	501(C)3	TO SUPPORT ORGANIZATION	500.
AMERICAN CANCER SOCIETY (SHARE YOUR HEART BALL) 2676 S. VISTA AVENUE BOISE, ID 83705	N/A	501(C)3	TO SUPPORT ORGANIZATION	10,000.
ST. THOMAS EPISCOPAL CHURCH P.O. BOX 1240 KETCHUM, ID 83340	N/A	501(C)3	TO SUPPORT ORGANIZATION	1,000.
SUN VALLEY CENTER FOR THE ARTS AND HUMANITIES P.O. BOX 656 SUN VALLEY, ID 83353	N/A	501(C)3	TO SUPPORT ORGANIZATION	33,000.
SUN VALLEY SKI EDUCATION FOUNDATION INC. P.O. BOX 203 SUN VALLEY, ID 83353	N/A	501(C)3	TO SUPPORT ORGANIZATION	4,675.
Total from continuation sheets				173,750.

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient: Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
SUN VALLEY SUMMER SYMPHONY INC. P.O. BOX 1914 SUN VALLEY, ID 83353	N/A	501(C)3	TO SUPPORT ORGANIZATION	2,000.
SUN VALLEY WRITERS CONFERENCE INC. P.O.BOX 957 KETCHUM, ID 83340	N/A	501(C)3	TO SUPPORT ORGANIZATION	5,000.
WOOD RIVER LAND TRUST COMPANY P.O.BOX 6376 HAILEY, ID 83333	N/A	501(C)3	TO SUPPORT ORGANIZATION	1,000.
WOOD RIVER WOMEN'S CHARITABLE FOUNDATION P.O. BOX 3686 KETCHUM, ID 83340	N/A	501(C)3	TO SUPPORT ORGANIZATION	1,075.
WOOD RIVER YMCA P.O. BOX 6801 KETCHUM, ID 83340	N/A	501(C)3	TO SUPPORT ORGANIZATION	22,800.
Total from continuation sheets				

2011 DEPRECIATION AND AMORTIZATION REPORT

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Asset No	Description	Date Acquired	Method	Life	Conv	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
	COMPUTERS														
2	DELL DIMENSION 2400 COMPUTER	11/23/03	200DB	5.00	MQ	17	1,120.			560.	560.	560.		0.	560.
3	DELL INSPIRON 600 COMPUTER	11/23/03	200DB	5.00	MQ	17	1,768.			884.	884.	884.		0.	884.
4	SONY LAPTOP COMPUTER	04/28/03	200DB	5.00	MQ	17	1,948.			584.	1,364.	1,364.		0.	1,364.
11	OFFICE COMPUTERS	07/01/08	200DB	5.00	MQ	17	3,304.			1,652.	1,652.	1,147.		202.	1,349.
13	OFFICE COMPUTERS (APPLE)	11/12/10	200DB	5.00	MQ	17	1,376.				1,376.	69.		523.	592.
	* 990-PF PG 1 TOTAL - COMPUTERS						9,516.			3,680.	5,836.	4,024.		725.	4,749.
	FILING CABINETS														
6	FILING CABINETS	03/30/04	200DB	7.00	HY	17	1,295.			648.	647.	618.		29.	647.
12	FIREPROOF FILE	05/14/09	200DB	7.00	MQ	17	3,431.			1,716.	1,715.	665.		300.	965.
	* 990-PF PG 1 TOTAL - FILING CABINETS						4,726.			2,364.	2,362.	1,283.		329.	1,612.
	HP LASERJET 3380 PRINTER														
7	HP PRINTER	06/08/04	200DB	5.00	HY	17	741.			371.	370.	370.		0.	370.
	* 990-PF PG 1 TOTAL - HP LASERJET 3380 PRINTER						741.			371.	370.	370.		0.	370.
	PHONE HEADSETS														
10	PHONE HEADSETS	11/01/07	200DB	5.00	MQ	17	778.				778.	618.		85.	703.
	* 990-PF PG 1 TOTAL - PHONE HEADSETS						778.				778.	618.		85.	703.
	PRINTER														

128111
05-01-11

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

2011 DEPRECIATION AND AMORTIZATION REPORT

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Asset No	Description	Date Acquired	Method	Life	Conv	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
9	PRINTER	07/11/07	200DB	5.00	MQ	17	794.				794.	648.		90.	738.
	* 990-PF PG 1 TOTAL - PRINTER						794.				794.	648.		90.	738.
	ORGANIZATIONAL COSTS														
1	ORGANIZATIONAL COSTS	11/03/00		60M	HY	43	2,277.				2,277.	2,277.		0.	2,277.
	* 990-PF PG 1 TOTAL - ORGANIZATIONAL COSTS						2,277.				2,277.	2,277.		0.	2,277.
	WEBSITE														
5	WEBSITE	06/30/03		36M	HY	43	22,777.				22,777.	22,777.		0.	22,777.
8	WEBSITE	06/01/05		36M	HY	43	3,420.				3,420.	3,420.		0.	3,420.
	* 990-PF PG 1 TOTAL - WEBSITE						26,197.				26,197.	26,197.		0.	26,197.
	* GRAND TOTAL 990-PF PG 1 DEPR & AMORT						45,029.			6,415.	38,614.	35,417.		1,229.	36,646.

128111
05-01-11

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
INTEREST INCOME - NOTE TO GILDA'S CLUB	1,125.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	1,125.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CHARLES SCHWAB #5185	103,731.	0.	103,731.
TOTAL TO FM 990-PF, PART I, LN 4	103,731.	0.	103,731.

FORM 990-PF LEGAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	155.	77.		78.
TO FM 990-PF, PG 1, LN 16A	155.	77.		78.

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	6,212.	3,106.		3,106.
TO FORM 990-PF, PG 1, LN 16B	6,212.	3,106.		3,106.

FORM 990-PF	TAXES			STATEMENT 5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL TAXES	1,400.	0.		0.
PAYROLL TAXES	4,520.	1,013.		3,507.
FOREIGN TAXES	1,189.	1,189.		0.
TO FORM 990-PF, PG 1, LN 18	7,109.	2,202.		3,507.

FORM 990-PF	OTHER EXPENSES			STATEMENT 6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
COMPUTER EXPENSE	271.	0.		271.
LIABILITY INSURANCE	2,856.	0.		2,856.
MARKETING	510.	0.		510.
PAYROLL SERVICE FEE	1,607.	494.		1,113.
WORKERS COMP	-3.	-1.		-2.
INVESTMENT ADVISORY FEES	10,310.	10,310.		0.
TO FORM 990-PF, PG 1, LN 23	15,551.	10,803.		4,748.

FORM 990-PF	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT			STATEMENT 7
DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE	FAIR MARKET VALUE
ORGANIZATIONAL COSTS	2,277.	2,277.	0.	0.
DELL DIMENSION 2400 COMPUTER	1,120.	1,120.	0.	0.
DELL INSPIRON 600 COMPUTER	1,768.	1,768.	0.	0.
SONY LAPTOP COMPUTER	1,948.	1,948.	0.	0.
WEBSITE	22,777.	22,777.	0.	0.
FILING CABINETS	1,295.	1,295.	0.	0.
HP PRINTER	741.	741.	0.	0.
WEBSITE	3,420.	3,420.	0.	0.
PRINTER	794.	738.	56.	56.
PHONE HEADSETS	778.	703.	75.	75.
OFFICE COMPUTERS	3,304.	3,001.	303.	303.
FIREPROOF FILE	3,431.	2,681.	750.	750.

OFFICE COMPUTERS (APPLE)	1,376.	592.	784.	784.
TO 990-PF, PART II, LN 14	45,029.	43,061.	1,968.	1,968.

FORM 990-PF — CORPORATE STOCK — STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
EQUITY FUNDS	1,576,626.	1,576,626.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,576,626.	1,576,626.

FORM 990-PF — CORPORATE BONDS — STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
BOND FUNDS	1,055,973.	1,055,973.
TOTAL TO FORM 990-PF, PART II, LINE 10C	1,055,973.	1,055,973.

FORM 990-PF — OTHER INVESTMENTS — STATEMENT 10

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
THE VANISHING EXHIBIT	FMV	185,300.	185,300.
OTHER ASSETS	FMV	444,631.	444,631.
TOTAL TO FORM 990-PF, PART II, LINE 13		629,931.	629,931.

FORM 990-PF — OTHER ASSETS — STATEMENT 11

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
N/R - GILDA'S CLUB NORTH TEXAS	75,000.	0.	0.
TO FORM 990-PF, PART II, LINE 15	75,000.	0.	0.

Form **8868**
(Rev. January 2012)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [X]
- 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.

Type or print	Name of exempt organization or other filer, see instructions. THE WORKS OF GRACE FOUNDATION	Employer identification number (EIN) or [X] 75-2906814
File by the due date for filing your return See instructions	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 9050	Social security number (SSN) [ ]
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. KETCHUM, ID 83340	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 4

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 (sec. 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 ▶ VICKI BROWNE
P. O. BOX 9050 - KETCHUM, ID 83340
Telephone No. ▶ (208) 726-0621 FAX No. ▶
- 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 AUGUST 15, 2012 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ [X] calendar year 2011 or
▶ [ ] tax year beginning ______ , and ending ______ .

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	$ 3,919.
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	$ 1,619.
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	$ 2,300.

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.