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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

07/01, 2011, and ending

06/30, 2012

Name of foundation: **GRACE FOUNDATION 210036**

Number and street (or P O box number if mail is not delivered to street address): **P.O. BOX 846**

Room/suite: _____

City or town, state, and ZIP code: **AMES, IA 50010**

A Employer identification number
23-7294779

B Telephone number (see instructions)
(515) 663-3035

C If exemption application is pending, check here

D 1 Foreign organizations, check here
2 Foreign organizations meeting the 85% test, check here and attach computation

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

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

G Check all that apply:

<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change

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

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) **\$ 990,298.**

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

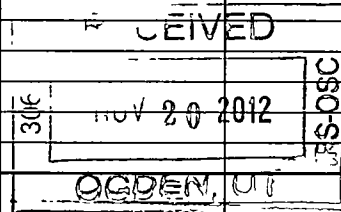
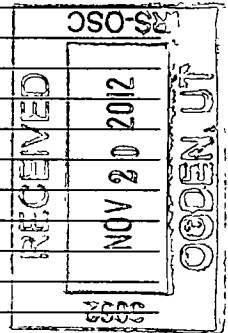
Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc., received (attach schedule)				
2	Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3	Interest on savings and temporary cash investments	1,898.	1,898.	1,898.	
4	Dividends and interest from securities	31,252.	31,201.	31,201.	
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	21,561.			
b	Gross sales price for all assets on line 6a	212,342.			
7	Capital gain net income (from Part IV, line 2)		21,561.		
8	Net short-term capital gain			584.	
9	Income modifications				
10a	Gross sales less returns and allowances				
b	Less Cost of goods sold				
c	Gross profit or (loss) (attach schedule)				
11	Other income (attach schedule)	126.			
12	Total. Add lines 1 through 11	54,837.	54,660.	33,683.	
13	Compensation of officers, directors, trustees, etc.				
14	Other employee salaries and wages	2,665.	666.	666.	1,998.
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)				
b	Accounting fees (attach schedule)				
c	Other professional fees (attach schedule)	7,655.	7,655.	7,655.	
17	Interest				
18	Taxes (attach schedule) (see instructions)	1,162.			162.
19	Depreciation (attach schedule) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (attach schedule)				
24	Total operating and administrative expenses. Add lines 13 through 23	11,482.	8,321.	8,321.	2,160.
25	Contributions, gifts, grants paid	41,600.			41,600.
26	Total expenses and disbursements. Add lines 24 and 25	53,082.	8,321.	8,321.	43,760.
27	Subtract line 26 from line 12.				
a	Excess of revenue over expenses and disbursements	1,755.			
b	Net investment income (if negative, enter -0-)		46,339.		
c	Adjusted net income (if negative, enter -0-)			25,362.	

For Paperwork Reduction Act Notice, see instructions.

JSA

Form **990-PF** (2011)

SCANNED NOV 30 2012



Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)			
		Beginning of year (a) Book Value	End of year (b) Book Value (c) Fair Market Value		
Assets	1	Cash - non-interest-bearing			
	2	Savings and temporary cash investments			
	3	Accounts receivable			
		Less allowance for doubtful accounts			
	4	Pledges receivable			
		Less allowance for doubtful accounts			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach schedule)			
		Less allowance for doubtful accounts			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10 a	Investments - U S and state government obligations (attach schedule)			
	b	Investments - corporate stock (attach schedule)			
	c	Investments - corporate bonds (attach schedule)			
	11	Investments - land, buildings, and equipment basis			
	Less accumulated depreciation (attach schedule)				
12	Investments - mortgage loans				
13	Investments - other (attach schedule)	788,222.	789,973.	990,298.	
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)	788,222.	789,973.	990,298.	
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe)			
	23	Total liabilities (add lines 17 through 22)			
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>				
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>				
	27	Capital stock, trust principal, or current funds	788,222.	789,973.	
	28	Paid-in or capital surplus, or land, bldg, and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances (see instructions)	788,222.	789,973.		
31	Total liabilities and net assets/fund balances (see instructions)	788,222.	789,973.		

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)	1 788,222.
2	Enter amount from Part I, line 27a	2 1,755.
3	Other increases not included in line 2 (itemize)	3
4	Add lines 1, 2, and 3	4 789,977.
5	Decreases not included in line 2 (itemize) SEE STATEMENT 3	5 4.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6 789,973.

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 PUBLICLY TRADED SECURITIES						
b						
c						
d						
e						
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)			
a 211,273.		190,781.	20,492.			
b						
c						
d						
e						
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))			
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any				
a			20,492.			
b						
c						
d						
e						
2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }				2	21,561.	
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	584.	

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 (col (b) divided by col (c))
2010	41,906.	906,786.	0.046214
2009	41,818.	794,995.	0.052602
2008	37,195.	827,021.	0.044975
2007	54,024.	955,505.	0.056540
2006	43,607.	992,401.	0.043941
2 Total of line 1, column (d)			0.244272
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			0.048854
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5			941,544.
5 Multiply line 4 by line 3			45,998.
6 Enter 1% of net investment income (1% of Part I, line 27b)			463.
7 Add lines 5 and 6			46,461.
8 Enter qualifying distributions from Part XII, line 4 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			43,760.

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

Table with 11 rows for excise tax calculations. Includes categories like 'Exempt operating foundations', 'Domestic foundations', 'Tax under section 511', 'Credits/Payments', and 'Tax due'. Total amount owed is 549.

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Columns include question number, 'Yes', and 'No'. Questions cover political activities, tax returns, and substantial contributors. 'No' is marked for questions 1a, 1b, 1c, 2, 3, 4a, 4b, 5, 7, 8b, 9, and 10.

Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)
12 Did the foundation 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)
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application?
Website address N/A
14 The books are in care of SEE STATEMENT 4 Telephone no. Located at ZIP + 4
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year. 15
16 At any time during calendar year 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? 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.

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 X
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes No X
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes No X
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes No X
(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 X
(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 X
1b 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)? Organizations relying on a current notice regarding disaster assistance check here
1c 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? 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 X
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) X
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 X
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) X
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 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? 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)? Yes No

Organizations relying on a current notice regarding disaster assistance check here

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

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

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

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

If "Yes" to 6b, file Form 8870

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

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No

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).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 5		-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
NONE		NONE	NONE	NONE

Total number of other employees paid over \$50,000 **NONE**

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		NONE

Total number of others receiving over \$50,000 for professional services		NONE

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 NONE	

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 NONE	

2	

All other program-related investments See instructions	
3 NONE	

Total. Add lines 1 through 3	

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	933,378.
b	Average of monthly cash balances	1b	22,504.
c	Fair market value of all other assets (see instructions)	1c	NONE
d	Total (add lines 1a, b, and c)	1d	955,882.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	NONE
3	Subtract line 2 from line 1d	3	955,882.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	14,338.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	941,544.
6	Minimum investment return. Enter 5% of line 5	6	47,077.

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	
2a	Tax on investment income for 2011 from Part VI, line 5	2a	NONE
b	Income tax for 2011 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	NONE
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	NONE
5	Add lines 3 and 4	5	NONE
6	Deduction from distributable amount (see instructions)	6	NONE
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	NONE

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	43,760.
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	NONE
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	43,760.
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	N/A
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	43,760.

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				
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2011:				
a From 2006				
b From 2007				
c From 2008				
d From 2009				
e From 2010				
f Total of lines 3a through e				
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ \$ _____				
a Applied to 2010, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)				
c Treated as distributions out of corpus (Election required - see instructions)				
d Applied to 2011 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2011 <i>(If an amount appears in column (d), the same amount must be shown in column (a))</i>				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount - see instructions				
e Undistributed income for 2010. Subtract line 4a from line 2a Taxable amount - see instructions				
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2007				
b Excess from 2008				
c Excess from 2009				
d Excess from 2010				
e Excess from 2011				

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

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			(e) Total
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	
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	25,362.	24,519.	25,911.	39,889.	115,681.
b 85% of line 2a	21,558.	20,841.	22,024.	33,906.	98,329.
c Qualifying distributions from Part XII, line 4 for each year listed	43,760.	41,906.	42,324.	37,594.	165,584.
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	43,760.	41,906.	42,324.	37,594.	165,584.
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets	990,298.	961,591.	863,689.		2,815,578.
(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	31,385.	30,226.	26,500.	27,567.	115,678.
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))

N/A

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

N/A

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

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

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

SEE STATEMENT 7

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

SEE ATTACHED STATEMENT FOR LINE 2

c Any submission deadlines:

SEE ATTACHED STATEMENT FOR LINE 2

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

SEE ATTACHED STATEMENT FOR LINE 2

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
<p>a Paid during the year</p> <p>SEE STATEMENT 8</p>				
Total ▶ 3a				41,600.
b Approved for future payment				
Total ▶ 3b				

GRACE FOUNDATION 210036

23-7294779

FORM 990PF, PART I - OTHER PROFESSIONAL FEES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----
CUSTODIAN & MANAGEMENT FEES (A)	7,655.	7,655.	7,655.
TOTALS	----- 7,655. =====	----- 7,655. =====	----- 7,655. =====

GRACE FOUNDATION 210036

23-7294779

FORM 990PF, PART I - TAXES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	CHARITABLE PURPOSES -----
OTHER TAXES	162.	162.
FEDERAL TAX PAYMENT - PRIOR YE	622.	
FEDERAL ESTIMATES - INCOME	189.	
FEDERAL ESTIMATES - PRINCIPAL	189.	
	-----	-----
TOTALS	1,162.	162.
	=====	=====

FORM 990PF, PART III - OTHER DECREASES IN NET WORTH OR FUND BALANCES

=====

DESCRIPTION

AMOUNT

ROUNDING

4.

TOTAL

4.

=====

FORM 990PF, PART VII-A, LINE 14 - BOOKS ARE IN THE CARE OF
=====

NAME: TRUST DEPT, FIRST NATIONAL BANK, AMES, IA

ADDRESS: 405 5TH ST
AMES, IA 50010-0846

TELEPHONE NUMBER: (515)663-3035

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES
=====

OFFICER NAME:

MAY CHAN

ADDRESS:

1661 PINE STREET, APT 437
SAN FRANCISCO, CA 94109-4524

TITLE:

PRESIDENT

AVERAGE HOURS PER WEEK DEVOTED TO POSITION: 12

OFFICER NAME:

CHRISTINA CHAN

ADDRESS:

250 Winchester St., Apt 2
Brookline, MA 02446

TITLE:

SECRETARY

AVERAGE HOURS PER WEEK DEVOTED TO POSITION: 2

OFFICER NAME:

GEORGE CHAN

ADDRESS:

530 S. LINCOLN LN
ARLINGTON HEIGHTS, IL 60005

TITLE:

VICE CHAIR

AVERAGE HOURS PER WEEK DEVOTED TO POSITION: 1

OFFICER NAME:

WILLIAM E. BLODGETT

ADDRESS:

103 Yaupon Lane
Georgetown, TX 78633

TITLE:

TREASURER

AVERAGE HOURS PER WEEK DEVOTED TO POSITION: 3

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

=====

OFFICER NAME:

REV. DONNA CHUN WAH DONG

ADDRESS:

1 International Blvd
, Toronto, Ontario CANADA M9W 6H3

TITLE:

TRUSTEE

AVERAGE HOURS PER WEEK DEVOTED TO POSITION: 1

OFFICER NAME:

REV. PAUL L. YEUN

ADDRESS:

128 BUCKINGHAM DR.
CHAMBERSBURG, PA 17201

TITLE:

TRUSTEE

AVERAGE HOURS PER WEEK DEVOTED TO POSITION: 1

OFFICER NAME:

ABBY HAWKINS

ADDRESS:

2622 GLENROSE HILL
ATLANTA, GA 30341

TITLE:

TRUSTEE

AVERAGE HOURS PER WEEK DEVOTED TO POSITION: 1

RECIPIENT NAME:

LEAH AKERS BELL, GRACE FOUNDATION

ADDRESS:

355 EL DORADO AVENUE
PALO ALTO, CA 94306

FORM, INFORMATION AND MATERIALS:

PERSONAL LETTER, TRANSCRIPT & RECOMMENDATIONS

SUBMISSION DEADLINES:

APPLICANTS MAY REQUEST APPLICATION INFORMATION BROCHURE SEPT 1 TO OCT
31, 4 MONTHS IN ADVANCE OF FEB 1ST SUBMISSION DEADLINE

RESTRICTIONS OR LIMITATIONS ON AWARDS:

AWARDS ARE EDUCATIONAL GRANTS FOR STUDENTS FROM CHINA AND SOUTHEAST
ASIAN COUNTRIES ONLY

GRACE FOUNDATION 210036

23-7294779

FORM 990PF, PART XV, LINE 3 - CONTRIBUTIONS, GIFTS, GRANTS PAID

=====

RECIPIENT NAME:

SEE ATTACHED SCHEDULE

AMOUNT OF GRANT PAID 41,600.

TOTAL GRANTS PAID: 41,600.

=====

**SCHEDULE D
(Form 1041)**

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ **Attach to Form 1041, Form 5227, or Form 990-T. See the instructions for Schedule D (Form 1041) (also for Form 5227 or Form 990-T, if applicable).**

OMB No 1545-0092

2011

Name of estate or trust

GRACE FOUNDATION 210036

Employer identification number

23-7294779

Note: Form 5227 filers need to complete only Parts I and II.

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
1a SHORT-TERM CAPITAL GAIN DIVIDENDS					584.

b Enter the short-term gain or (loss), if any, from Schedule D-1, line 1b	1b	NONE
2 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824	2	
3 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts	3	
4 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2010 Capital Loss Carryover Worksheet	4	()
5 Net short-term gain or (loss). Combine lines 1a through 4 in column (f). Enter here and on line 13, column (3) on the back ▶	5	584.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
6a LONG-TERM CAPITAL GAIN DIVIDENDS					485.

b Enter the long-term gain or (loss), if any, from Schedule D-1, line 6b	6b	20,492.
7 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824	7	
8 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts	8	
9 Capital gain distributions	9	
10 Gain from Form 4797, Part I	10	
11 Long-term capital loss carryover. Enter the amount, if any, from line 14 of the 2010 Capital Loss Carryover Worksheet	11	()
12 Net long-term gain or (loss). Combine lines 6a through 11 in column (f). Enter here and on line 14a, column (3) on the back ▶	12	20,977.

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 2011

Part III Summary of Parts I and II		(1) Beneficiaries' (see instr.)	(2) Estate's or trust's	(3) Total
Caution: Read the instructions before completing this part.				
13	Net short-term gain or (loss)	13		584.
14	Net long-term gain or (loss):			
	a Total for year	14a		20,977.
	b Unrecaptured section 1250 gain (see line 18 of the wrksh.)	14b		
	c 28% rate gain	14c		
15	Total net gain or (loss). Combine lines 13 and 14a ▶	15		21,561.

Note: If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Form 990-T, Part I, line 4a) If lines 14a and 15, column (2), are net gains, go to Part V, and do not complete Part IV. If line 15, column (3), is a net loss, complete Part IV and the **Capital Loss Carryover Worksheet**, as necessary.

Part IV Capital Loss Limitation

16	Enter here and enter as a (loss) on Form 1041, line 4 (or Form 990-T, Part I, line 4c, if a trust), the smaller of: a The loss on line 15, column (3) or b \$3,000	16	()
-----------	---	-----------	-----

Note: If the loss on line 15, column (3), is more than \$3,000, or if Form 1041, page 1, line 22 (or Form 990-T, line 34), is a loss, complete the **Capital Loss Carryover Worksheet** in the instructions to figure your capital loss carryover.

Part V Tax Computation Using Maximum Capital Gains Rates

Form 1041 filers. Complete this part **only** if both lines 14a and 15 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), and Form 1041, line 22, is more than zero.

Caution: Skip this part and complete the **Schedule D Tax Worksheet** in the instructions if:

- Either line 14b, col. (2) or line 14c, col. (2) is more than zero, or
- Both Form 1041, line 2b(1), and Form 4952, line 4g are more than zero.

Form 990-T trusts. Complete this part **only** if both lines 14a and 15 are gains, or qualified dividends are included in income in Part I of Form 990-T, and Form 990-T, line 34, is more than zero. Skip this part and complete the **Schedule D Tax Worksheet** in the instructions if either line 14b, col. (2) or line 14c, col. (2) is more than zero.

17	Enter taxable income from Form 1041, line 22 (or Form 990-T, line 34)	17		
18	Enter the smaller of line 14a or 15 in column (2) but not less than zero	18		
19	Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) (or enter the qualified dividends included in income in Part I of Form 990-T)	19		
20	Add lines 18 and 19	20		
21	If the estate or trust is filing Form 4952, enter the amount from line 4g; otherwise, enter -0- ▶	21		
22	Subtract line 21 from line 20. If zero or less, enter -0-	22		
23	Subtract line 22 from line 17. If zero or less, enter -0-	23		
24	Enter the smaller of the amount on line 17 or \$2,300	24		
25	Is the amount on line 23 equal to or more than the amount on line 24? <input type="checkbox"/> Yes. Skip lines 25 and 26; go to line 27 and check the "No" box. <input type="checkbox"/> No. Enter the amount from line 23	25		
26	Subtract line 25 from line 24	26		
27	Are the amounts on lines 22 and 26 the same? <input type="checkbox"/> Yes. Skip lines 27 thru 30, go to line 31 <input type="checkbox"/> No. Enter the smaller of line 17 or line 22	27		
28	Enter the amount from line 26 (If line 26 is blank, enter -0-)	28		
29	Subtract line 28 from line 27	29		
30	Multiply line 29 by 15% (.15)	30		
31	Figure the tax on the amount on line 23. Use the 2011 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041)	31		
32	Add lines 30 and 31	32		
33	Figure the tax on the amount on line 17. Use the 2011 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041)	33		
34	Tax on all taxable income. Enter the smaller of line 32 or line 33 here and on Form 1041, Schedule G, line 1a (or Form 990-T, line 36)	34		

Grace Foundation

Account Detail On: 06/30/2012

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Estimated Annual Income</u>	<u>Annual Yield</u>
Cash					
% of Portfolio: 0.00%					
Income Cash		3.26	3.26		
Principal Cash		0.00	0.00		
Total Cash		3.26	3.26		
Cash Equivalents					
% of Portfolio: 1.39%					
Money Market - Taxable					
FNB Money Market Account - Income	13,787.580000	13,787.58	13,787.58	27.57	0.20%
Equity					
% of Portfolio: 6.36%					
Mutual Fd-Closed End/Exchg Traded					
DNP Select Income Fund	3,850.000000	25,015.35	42,812.00	3,003.00	7.01%
Technology Select Sector SPDR	700.000000	15,697.94	20,107.50	234.44	1.17%
Mutual Fd-Closed End/Exchg Traded	4,550.000000	40,713.29	62,919.50	3,237.44	5.15%
Total					
% of Portfolio: 52.09%					
Stock - Common					
Abbott Laboratories	150.000000	8,372.78	9,670.50	306.00	3.16%
Aflac	325.000000	14,418.00	13,841.75	455.00	3.29%
Automatic Data Processing	200.000000	7,693.94	11,132.00	348.00	3.13%
Chevron	350.000000	2,648.04	36,925.00	1,260.00	3.41%
Danaher	450.000000	14,578.75	23,436.00	45.00	0.19%
DuPont	375.000000	18,194.44	18,963.75	645.00	3.40%
ExxonMobil	300.000000	1,006.60	25,671.00	684.00	2.66%
General Dynamics	225.000000	13,970.14	14,841.00	459.00	3.09%
H.J. Heinz	450.000000	19,690.33	24,471.00	927.00	3.79%
Home Depot	400.000000	14,195.96	21,196.00	464.00	2.19%
Intel	625.000000	16,705.31	16,656.25	562.50	3.38%
International Business Machines	250.000000	31,091.27	48,895.00	850.00	1.74%
Johnson & Johnson	600.000000	31,875.00	40,536.00	1,464.00	3.61%
McDonald's	275.000000	24,193.95	24,345.75	847.00	3.48%
Microsoft	800.000000	21,223.37	24,472.00	736.00	3.01%
Nike Inc Cl B	150.000000	13,633.49	13,167.00	216.00	1.64%
Pfizer	675.000000	13,086.90	15,525.00	594.00	3.83%
Procter & Gamble	325.000000	14,340.62	19,906.25	730.60	3.67%
The Travelers Companies Inc	300.000000	15,914.55	19,152.00	552.00	2.88%
United Parcel Service	150.000000	7,811.85	11,814.00	342.00	2.89%
Verizon	375.000000	2,642.58	16,665.00	772.50	4.64%
Wal-Mart	350.000000	10,812.81	24,402.00	556.50	2.28%

Grace Foundation

Account Detail On: 06/30/2012

	<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	<u>Estimated Annual Income</u>	<u>Annual Yield</u>
Equity					
% of Portfolio: 52.09%					
Stock - Common					
Wells Fargo	1,200.000000	33,969.00	40,128.00	1,056.00	2.63%
Stock - Common Total	9,300.000000	352,069.68	515,812.25	14,872.10	2.88%
Equity Total	13,850.000000	392,782.97	578,731.75	18,109.54	3.13%
Fixed					
% of Portfolio: 29.41%					
Mutual Fund - Bond					
AllianceBernstein Income Fund Inc	3,000.000000	25,230.00	24,960.00	1,440.00	5.77%
Vanguard Bd Index Fund Inc Total Bd Market ETF	525.000000	40,008.15	44,299.50	1,124.66	2.54%
Vanguard GNMA Portfolio	3,300.000000	34,848.52	36,465.00	1,033.76	2.83%
Vanguard Inflation-Protected Secs Adm	800.000000	19,823.00	22,944.00	552.00	2.41%
Vanguard Mortgage-Backed Sec Idx ETF	475.000000	24,669.31	24,861.50	244.48	0.98%
Vanguard Short-Term Bond ETF	125.000000	10,036.25	10,141.25	146.40	1.44%
Vanguard Short-Term Inv-Grade Fund	4,000.000000	40,407.00	43,000.00	1,010.25	2.35%
iShares Barclays TIPS Bond	275.000000	31,319.41	32,917.50	962.39	2.92%
iShares Barclays US Aggr Bond	200.000000	21,751.98	22,260.00	582.28	2.62%
iShares iBoxx \$ Invest Grade Corp Bond	250.000000	28,345.00	29,397.50	1,135.18	3.86%
Mutual Fund - Bond Total	12,950.000000	276,438.62	291,246.25	8,231.40	2.83%
% of Portfolio: 3.86%					
Stock - Preferred (Dividend)					
PowerShares Preferred	1,425.000000	19,892.86	20,691.00	1,342.35	6.49%
iShares S&P US Preferred Stock Index Fund	450.000000	18,085.46	17,563.50	1,140.12	6.49%
Stock - Preferred (Dividend) Total	1,875.000000	37,978.32	38,254.50	2,482.47	6.49%
% of Portfolio: 6.89%					
Stock - Preferred (Interest)					
General Electric 6.625% Pfd	1,250.000000	33,622.45	33,075.00	2,070.00	6.26%
Wells Fargo Capital IX 5.625% Pfd	1,375.000000	35,359.41	35,200.00	1,933.53	5.49%
Stock - Preferred (Interest) Total	2,625.000000	68,981.86	68,275.00	4,003.53	5.86%
Fixed Total	17,450.000000	383,398.80	397,775.75	14,717.40	3.70%
Grand Total	45,087.580000	789,972.61	990,298.34	32,854.51	3.32%

2011 Awards

Individual Grants:

Roland Ceu	\$1,800
Xiaomon Li	\$2,500
Mang Len Sung	\$1,500
Yaw Tam	\$1,800
Siang-Chia Tial	\$1,800
Mee On Lee	\$4,000
Za That	\$1,800
Sang Cung Uk	<u>\$2,400</u>
	\$17,600

Block Grants:

Philippine International School of Leadership	\$7,000
Biblical Seminary of Philippines	\$7,000
Fuller Theological Seminary for funding the Oi Jen Chan Memorial Jubilee Scholarship	<u>\$10,000</u>

TOTAL **\$41,600**