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

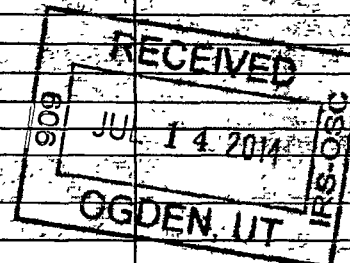
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2013

For calendar year 2013, or tax year beginning , 2013, and ending

Name of foundation WILLIAM M & ANN K GRACE FOUNDATION		A Employer identification number 56-2529760
Number and street (or P O box number if mail is not delivered to street address) 7575 N 16TH STREET		B Telephone number (see the instructions) (602) 956-8254
City or town, state or province, country, and ZIP or foreign postal code PHOENIX AZ 85020		C If exemption application is pending, check here. <input type="checkbox"/>
G Check all that apply.		D 1 Foreign organizations, check here. <input type="checkbox"/>
<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial Return of a former public charity	2 Foreign organizations meeting the 85% test, check here and attach computation. <input type="checkbox"/>
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return	E If private foundation status was terminated under section 507(b)(1)(A), check here. <input type="checkbox"/>
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here. <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation		
<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		
I Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ 11,851,826.	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> 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 (att sch)		1,875,100.			
2 <input type="checkbox"/> If the foundn is not req to att Sch B					
3 Interest on savings and temporary cash investments.					
4 Dividends and interest from securities		2,076.	2,076.		
5a Gross rents					
b Net rental income or (loss)					
6a Net gain/(loss) from sale of assets not on line 10					
b Gross sales price for all assets on line 6a					
7 Capital gain net income (from Part IV, line 2)					
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/(loss) (att sch)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11.		1,877,176.	2,076.		
13 Compensation of officers, directors, trustees, etc.					
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees (attach schedule). I-16a Stmt.		2,730.			
b Accounting fees (attach sch). I-16b Stmt.		1,693.			
c Other prof fees (attach sch)					
17 Interest.					
18 Taxes (attach schedule)(see instrs)					
19 Depreciation (attach sch) and depletion					
20 Occupancy.					
21 Travel, conferences, and meetings		8,825.			
22 Printing and publications		1,119.			
23 Other expenses (attach schedule) See Line 23 Stmt		1,504.			
24 Total operating and administrative expenses. Add lines 13 through 23		15,871.			
25 Contributions, gifts, grants paid		736,857.			736,857.
26 Total expenses and disbursements. Add lines 24 and 25		752,728.			736,857.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		1,124,448.			
b Net investment income (if negative, enter -0-)			2,076.		
c Adjusted net income (if negative, enter -0-)					



Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
				(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1	Cash — non-interest-bearing		22,639.	10,415.	10,415.
	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 sch)				
		Less: allowance for doubtful accounts		7,500,400.	9,375,500.	9,375,500.
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments — U.S. and state government obligations (attach schedule)				
	b	Investments — corporate stock (attach schedule)				
	c	Investments — corporate bonds (attach schedule)				
	LIABILITIES	11	Investments — land, buildings, and equipment basis			
		Less: accumulated depreciation (attach schedule)				
12		Investments — mortgage loans				
13		Investments — other (attach schedule)	L-13 Stmt . . .	3,204,339.	2,465,911.	2,465,911.
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)		10,727,378.	11,851,826.	11,851,826.
17		Accounts payable and accrued expenses				
18		Grants payable		0.		
FUNDS	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe)				
	23	Total liabilities (add lines 17 through 22)		0.		
		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 and complete lines 27 through 31.	X			
27	Capital stock, trust principal, or current funds					
28	Paid-in or capital surplus, or land, building, and equipment fund					
29	Retained earnings, accumulated income, endowment, or other funds		10,727,378.	11,851,826.		
30	Total net assets or fund balances (see instructions)		10,727,378.	11,851,826.		
31	Total liabilities and net assets/fund balances (see instructions)		10,727,378.	11,851,826.		

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	10,727,378.
2	Enter amount from Part I, line 27a	2	1,124,448.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	11,851,826.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30	6	11,851,826.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a				
b				
c				
d				
e				

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

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>		2
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 </div>		3

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

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

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

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

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

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.			
(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2012	642,006.	11,691,831.	0.054911
2011	698,328.	10,122,305.	0.068989
2010	725,728.	6,991,068.	0.103808
2009	607,647.	5,069,928.	0.119853
2008	462,508.	4,184,929.	0.110518
2 Total of line 1, column (d)			2 0.458079
3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0.091616
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5.			4 11,453,253.
5 Multiply line 4 by line 3			5 1,049,301.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 21.
7 Add lines 5 and 6.			7 1,049,322.
8 Enter qualifying distributions from Part XII, line 4			8 736,857.

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

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

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary — see instrs)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		1	42.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2		3	42.
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	42.
6 Credits/Payments.			
a 2013 estimated tax pmts and 2012 overpayment credited to 2013	6 a		
b Exempt foreign organizations — tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 8868)	6 c	42.	
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments. Add lines 6a through 6d	7		42.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		0.
11 Enter the amount of line 10 to be Credited to 2014 estimated tax	11		
	Refunded		

Part VII-A Statements Regarding Activities

	Yes	No
1 a 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?	1 a	X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1 b	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?	1 c	X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation \$ (2) On foundation managers \$		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$		
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
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4 a	X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	4 b	
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, column (c), and Part XV.	7	X
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) AZ - Arizona		
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	8 b	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 2013 or the taxable year beginning in 2013 (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

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address N/A				
14	The books are in care of ▶ W M GRACE DEVELOPMENT Telephone no ▶ (602) 943-3548			
	Located at ▶ 7575 N 16TH ST PHOENIX AZ ZIP + 4 ▶ 85020-4625			
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 2013, 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	Yes	No
	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.

1 a	During the year did the foundation (either directly or indirectly):		Yes	No
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
(6)	Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
b	If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1 b		
	Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2013?	1 c		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 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
	If 'Yes,' list the years ▶ 20 __ , 20 __ , 20 __ , 20 __			
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement — see instructions)	2 b		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20 __ , 20 __ , 20 __ , 20 __			
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
b	If 'Yes,' did it have excess business holdings in 2013 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 2013.)	3 b		
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a		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 2013?	4 b		X

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

5 a 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)?

5 b

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).

6 a 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?

6 b

If 'Yes' to 6b, file Form 8870

7 a 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?

7 b

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
Howard T Grace 7575 N 16th St Phoenix AZ 85020	Trustee 1.00	0.	0.	0.
Heather G Kaiser 7575 N 16th St Phoenix AZ 85020	Trustee 1.00	0.	0.	0.
William M Grace 7575 N 16th St Phoenix AZ 85020	Trustee 1.00	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				

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		
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	
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	
2	
All other program-related investments. See instructions	
3	
Total. Add lines 1 through 3	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1 a	3,028,440.
b	Average of monthly cash balances	1 b	-7,927.
c	Fair market value of all other assets (see instructions)	1 c	8,607,155.
d	Total (add lines 1a, b, and c)	1 d	11,627,668.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	11,627,668.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	174,415.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	11,453,253.
6	Minimum investment return. Enter 5% of line 5	6	572,663.

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	572,663.
2 a	Tax on investment income for 2013 from Part VI, line 5	2 a	42.
b	Income tax for 2013. (This does not include the tax from Part VI.)	2 b	
c	Add lines 2a and 2b	2 c	42.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	572,621.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	572,621.
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	572,621.

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	1 a	736,857.
b	Program-related investments — total from Part IX-B.	1 b	
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)	3 a	
b	Cash distribution test (attach the required schedule)	3 b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	736,857.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	736,857.

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 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7				572,621.
2 Undistributed income, if any, as of the end of 2013.				
a Enter amount for 2012 only			0.	
b Total for prior years 20 __, 20 __, 20 __				
3 Excess distributions carryover, if any, to 2013				
a From 2008	248,392.			
b From 2009	326,873.			
c From 2010	376,309.			
d From 2011	192,301.			
e From 2012	57,540.			
f Total of lines 3a through e	1,201,415.			
4 Qualifying distributions for 2013 from Part XII, line 4 ▶ \$ 736,857.				
a Applied to 2012, 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 2013 distributable amount				572,621.
e Remaining amount distributed out of corpus	164,236.			
5 Excess distributions carryover applied to 2013 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	1,365,651.			
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				
d Subtract line 6c from line 6b Taxable amount — see instructions		0.		
e Undistributed income for 2012 Subtract line 4a from line 2a Taxable amount — see instructions			0.	
f Undistributed income for 2013 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2008 not applied on line 5 or line 7 (see instructions)	248,392.			
9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a	1,117,259.			
10 Analysis of line 9.				
a Excess from 2009	326,873.			
b Excess from 2010	376,309.			
c Excess from 2011	192,301.			
d Excess from 2012	57,540.			
e Excess from 2013	164,236.			

BAA

Form 990-PF (2013)

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				
Arizona State University 425 E University Dr Tempe AZ 85287		University	Scholarship Awards	58,250.
Active 20/30 Fndn 65 Enterprise Aliso Viejo CA 92656		University	Scholarship Awards	3,500.
AZ State Univ 1001 S Mill Ave Tempe AZ 85281		University	Scholarship Awards	4,000.
Bishop LeBlond High School 3529 Frederick Ave St Joseph MO 64506		High School	Scholarship Awards	2,000.
Chandler Gilbert comm college 2626 E Pecos Chandler, AZ 85225		College	Scholarship Awards	1,000.
Colorado Mesa Univ 1100 North Ave Grand Junction CO 81501		University	Scholarship Awards	1,000.
Chelsea Faulkner 6000 W Olive Ave Glendale AZ 85302		501c3	Grants	1,500.
Cedar Crest College 100 College Dr Allentown PA 18104		College	Scholarship Awards	1,000.
Central Christian College of Kansas 1200 S Main St McPherson KS 67460		College	Scholarship Awards	-1,000.
See Line 3a statement				665,607.
Total			3a	736,857.
b Approved for future payment				
Total			3b	

Part XVI-A: Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions.)
		(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1	Program service revenue					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies . .					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments					
4	Dividends and interest from securities			14	2,076.	
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 . . .					
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)				2,076.	
13	Total. Add line 12, columns (b), (d), and (e)					2,076.

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

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

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

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

(1) Cash.

(2) Other assets

b Other transactions:

(1) Sales of assets to a noncharitable exempt organization.

(2) Purchases of assets from a noncharitable exempt organization

(3) Rental of facilities, equipment, or other assets

(4) Reimbursement arrangements .

(5) Loans or loan guarantees

(6) Performance of services or membership or fundraising solicitations.

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

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

[illegible]

2 a 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

**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

Date _____

Trustee
Title

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

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
-------------------------------------	-----	--------------------------	----

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check:	
--------	--

--	--

PTIN

Michael Mather

Michael Nath

04/30/14

self-employed

P01216440

Firm's name ▶ Songco and Mather, PLC

Firm's EIN ▶ 86-1049326

Firm's address ▶ 2254 N 15th Ave

AZ 85007

Phone no (602) 253-8777

BAA

Form 990-PF (2013)

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF**
▶ Information about Schedule B (Form 990, 990-EZ, 990-PF) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Name of the organization

WILLIAM M & ANN K GRACE FOUNDATION

Employer identification number

56-2529760

Organization type (check one)

Filers of:

Form 990 or 990-EZ

Section:

☐ 501(c)() (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II.)

Special Rules

☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33-1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$

Caution: An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF) but it **must** answer 'No' on Part IV, line 2, of its Form 990, or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990EZ,

Schedule B (Form 990, 990-EZ, or 990-PF) (2013)

Name of organization

Employer identification number

WILLIAM M & ANN K GRACE FOUNDATION

56-2529760

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Ann K Grace Charitable Lead Ann. Trust 7575 N 16th St Phoenix AZ 85020	\$ 1,875,100	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Miscellaneous Statement

FORM 990 PF Page 10 Part XV Line 2b-1

The scholarship application is made
available to anyone requesting a scholarship

A copy of the application is available upon
request.

Total

Miscellaneous Statement

FORM 990 PF Page 10 Part XV Line 2d-2

Provide individual scholarships directly
to students for merit or need or a combination
of both. Make grants to existing scholarship
funds. Make grants directly to schools for
facilities, scholarships, or general support.
Make grants primarily in Arizona and
Missouri.

Total

Form 990-PF, Page 1, Part I, Line 23

Line 23 Stmt

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
Office/admin costs	741.			
Insurance	763.			
Total	1,504.			

Form 990-PF, Page 11, Part XV, line 3a

Line 3a statement

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox Amount
a Paid during the year				
Cottey College 1000 W Austin Blvd Nevada MO 64772		College	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 7,000.
Community Outreach Girls Alliance P O 21651 Phx AZ 85036		501c3	Grant	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 9,104.
Culver Stockton College One College Hill Canton MO 63435		College	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 2,000.
Drury Univ 900 N Benton Springfield MO 65802		College	Scholarship Awards	Person or <input checked="" type="checkbox"/> Business <input type="checkbox"/> 6,500.
InterServ Mitchell Woods Preschool 5210 Mitchell Ave St Joseph MO 64507		501c3	Grants	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 1,575.
Mandy Purcell c/o Grace Development Phoenix AZ 85020	Unrelated Individual	501c3	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 2,000.
Glendale Community Coll 6000 W Olive Glendale AZ 85302		College	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 14,250.
Grand Canyon Univ 3300 W Camelback Rd Phx AZ 85017		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 18,500.
Metropolitan Community College 3200 Broadway St Kansas City MO 64111		College	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 2,000.
Hannibal LaGrange College 2800 Palmyra Rd Hannibal MO 63401		College	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 2,000.
Hillyard Tech Cntr 3434 Faraon St Joseph MO 64506		501c3	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 3,000.

Form 990-PF, Page 11, Part XV, line 3a

Continued

Line 3a statement

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox Amount
a Paid during the year				
Metropolitan St Coll of Denver P O 173362 Campus 16 Denver CO 80217		College	Scholarship Award	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 4,000.
Iowa Western CC 2700 College Rd Council Bluffs IA 51503		College	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 6,500.
New Pathways for Youth 1001 E Pierce St Phoenix AZ 85006		College	Student support	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 1,000.
Night of Golden Stars 3529 Frederick Ave St Joseph MO 64506		High School	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 1,000.
No Central Missouri College 1301 Main St Trenton MO 64683		College	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 22,500.
Phoenix College 1202 W Thomas Rd Phoenix AZ 85013		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 3,000.
Scottsdale Youth Football 5401 N Hayden Rd Scottsdale AZ 85250		Students	Grant	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 1,000.
Midland Lutheran College 900 N Clarkson St Freemont NE 68025		College	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 6,500.
Missouri State Univ 901 S National Ave Springfield MO 65897		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 6,250.
Missouri Western State Univ 4525 Downs Dr St Joseph MO 64507		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 137,750.
MO Univ of Science & Tech 300 W 13th St Rolla MO 65409		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 13,500.
No Arizona Univ P O Box 6100 Flagstaff AZ 86011		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 9,250.
NoWest Missouri St Univ 800 University Dr Maryville MO 64468		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 155,750.
So Eastern Oklahoma St Univ 1405 N 4th Durant OK 74701		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> -1,000.
St Louis University One Grand Blvd St Louis MO 63103		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 4,000.

Form 990-PF, Page 11, Part XV, line 3a

Continued

Line 3a statement

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Founda- tion status of re- cipient	Purpose of grant or contribution	Person or Business Checkbox Amount
a Paid during the year				
Stanford University 450 Serra Mall Stanford CA 94305		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 4,000.
SUNY Oneonta 209 Ravine Pkwy Oneonta NY 13820		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 1,000.
Truman State Univ McClain Hall Kirksville MO 63501		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 9,500.
Univ of Maryland Univ Coll Europe Unit AAPO AE 09004		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 2,000.
University of AZ 1423 E University Blvd Tucson AZ 85721		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 48,000.
Univ of Central Missouri 1100 Ward Edwards Bldg Warrensburg MO 64093		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 36,000.
Univ of Missouri-Columbia 230 Jesse Hall Columbia MO 65211		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 103,950.
Univ of Missouri-Kansas City 5100 Rockhill Rd Kansas City MO 64110		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 15,000.
Washington St University 2710 University Dr Richland WA 99354		University	Scholarship Awards	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 2,000.
W M Grace Dev Co 7575 N 16th St Phoenix AZ 85020		None	Reimburse Student Supplies	Person or <input type="checkbox"/> Business <input checked="" type="checkbox"/> 5,228.

Total

665,607.

Form 990-PF, Page 1, Part I

Line 16a - Legal Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Plattner, Schneidman PC	Legal	2,730.			

Form 990-PF, Page 1, Part I

Continued

Line 16a - Legal Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Total		<u>2,730.</u>			

Form 990-PF, Page 1, Part I

Line 16b - Accounting Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Mather CPA	Income tax	1,490.			
Mather CPA	Bookkeeping	203.			
Total		<u>1,693.</u>			

Form 990-PF, Page 2, Part II, Line 13

L-13 Stmt

Line 13 - Investments - Other:	End of Year	
	Book Value	Fair Market Value
Bank of America-Cash reserves	2,465,911.	2,465,911.
Total	<u>2,465,911.</u>	<u>2,465,911.</u>

Supporting Statement of:

Form 990-PF, pl/Line 1(a)

Description	Amount
See Schedule B	1,875,100.
Total	1,875,100.

Additional Information For Tax Return

WILLIAM M & ANN K GRACE FOUNDATION

56-2529760

Form 990-PF, p10: Part XV, Line 2b-1

The scholarship application is made available to anyone requesting a scholarship. A copy of the application is available upon request

Form 990-PF, p10: Part XV, Line 2d-2

Provide individual scholarships directly to students for merit or need or a combination of both. Make grants to existing scholarship funds. Make grants directly to schools for facilities, scholarships, or general support. Make grants primarily in Arizona and Missouri.