Amended

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 organization may be able to use a copy of this return to satisfy state reporting requirements*

OMB No 1545 0052

2005

For calendar year 2005, or tax year beginning , and ending

G Check all that apply: [ ] Initial return [ ] Final return [X] Amended return [ ] Address change [ ] Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of organization: PROSPECT CREEK FOUNDATION

A Employer identification number: 41-1736420

Number and street (or P O box number if mail is not delivered to street address) | Room/suite: 4900 IDS CENTER 80 SOUTH 8TH STREET

B Telephone number: 612-672-9603

City or town, state, and ZIP code: MINNEAPOLIS, MN 55402

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 ▶ [ ]

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) ▶$ 36,581,244.

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 ▶ [ ]

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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).)

	Line	Description	(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	1,315,990.			
	2	Check ▶ [ ] if the foundation is not required to attach Sch B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	149,147.	149,147.		STATEMENT 1
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	2,436,342.			
	b	Gross sales price for all assets on line 6a				
	7	Capital gain net income (from Part IV, line 2)		2,436,342.		
	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 STMT 2	1,607,091.	825,729.	STMT 14 0.	
	12	**Total** Add lines 1 through 11	5,508,570.	3,411,218.	0.	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	0.	0.	0.	0.
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees				
	b	Accounting fees STMT 3	7,970.	0.	0.	7,970.
	c	Other professional fees STMT 4	45,924.	45,924.	0.	0.
	17	Interest				
	18	Taxes STMT 5	72,657.	0.	0.	0.
	19	Depreciation and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses STMT 6	1,421.	0.	0.	1,421.
	24	**Total operating and administrative expenses** Add lines 13 through 23	127,972.	45,924.	0.	9,391.
	25	Contributions, gifts, grants paid	1,377,365.			1,377,365.
	26	**Total expenses and disbursements** Add lines 24 and 25	1,505,337.	45,924.	0.	1,386,756.
	27	Subtract line 26 from line 12:				
	a	Excess of revenue over expenses and disbursements	4,003,233.			
	b	**Net investment income** (if negative, enter -0-)		3,365,294.		
	c	**Adjusted net income** (if negative, enter -0-)			0.	

LHA For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Form **990-PF** (2005)

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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	21,643.	3,112,989.	3,112,990.
	2 Savings and temporary cash investments	2,311,025.	1,181,780.	1,181,780.
	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 STMT 7	950,000.	1,657,309.	1,657,309.
	b Investments - corporate stock STMT 8	4,679,247.	4,933,434.	5,804,079.
	c Investments - corporate bonds STMT 9	51,700.	0.	0.
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 10	24,382,607.	24,825,086.	24,825,086.
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers)	32,396,222.	35,710,598.	36,581,244.
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	Organizations 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			
	Organizations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31			
	27 Capital stock, trust principal, or current funds	32,396,222.	35,710,598.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	0.	0.	
	30 Total net assets or fund balances	32,396,222.	35,710,598.	
	31 Total liabilities and net assets/fund balances	32,396,222.	35,710,598.	

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	32,396,222.
2 Enter amount from Part I, line 27a	2	4,003,233.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	36,399,455.
5 Decreases not included in line 2 (itemize) ▶ FMV > BASIS OF CONTRIBUTED STOCK	5	688,857.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	35,710,598.

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	LTCG FROM INVESTMENTS - SEE STATEMENT 13		VARIOUS	VARIOUS
b	STCL FROM INVESTMENTS - SEE STATEMENT 13		VARIOUS	VARIOUS
c	STCG FROM PARTNERSHIPS - SEE STATEMENT 12		VARIOUS	VARIOUS
d	LTCG FROM PARTNERSHIPS - SEE STATEMENT 12		VARIOUS	VARIOUS
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				870,066.
b				-12,469.
c				278,050.
d				1,300,695.
e				

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				870,066.
b				-12,469.
c				278,050.
d				1,300,695.
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** 2,436,342.

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

If "Yes," the organization 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))
2004	1,300,805.	29,854,450.	.043572
2003	808,605.	27,078,496.	.029862
2002	869,796.	25,311,646.	.034363
2001	1,182,362.	26,927,840.	.043909
2000	708,272.	24,312,222.	.029132

2	Total of line 1, column (d)	2	.180838
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	.036168
4	Enter the net value of noncharitable-use assets for 2005 from Part X, line 5	4	33,394,098.
5	Multiply line 4 by line 3	5	1,207,798.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	33,653.
7	Add lines 5 and 6	7	1,241,451.
8	Enter qualifying distributions from Part XII, line 4	8	1,386,756.

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 letter: ________ (attach copy of ruling letter if necessary-see instructions)				
b Domestic organizations that meet the section 4940(e) requirements in Part V, check here ▶ [X] and enter 1% of Part I, line 27b			1	33,653.
c All other domestic organizations 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	33,653.
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	33,653.
6 Credits/Payments:				
a 2005 estimated tax payments and 2004 overpayment credited to 2005	6a	38,338.		
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c	5,000.		
d Backup withholding erroneously withheld	6d			
7 Total credits and payments Add lines 6a through 6d			7	43,338.
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	9,685.
11 Enter the amount of line 10 to be. **Credited to 2006 estimated tax** ▶ 9,685. **Refunded** ▶			11	0.

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the organization 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 organization in connection with the activities			
c Did the organization 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 organization. ▶ $ 0. (2) On organization managers ▶ $ 0.			
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers ▶ $ 0.			
2 Has the organization 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 organization 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 organization have unrelated business gross income of $1,000 or more during the year?	4a	X	
b If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b	X	
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 organization 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) ▶ MN			
b If the answer is "Yes" to line 7, has the organization 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 organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (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
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application?	11	X	

Web site address ▶ N/A

12 The books are in care of ▶ JULIE PIRAS Telephone no. ▶ 612-672-9603

Located at ▶ 4900 IDS CENTER, MINNEAPOLIS, MN ZIP+4 ▶ 55402

13 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 ▶ 13 N/A

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 organization (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 organization 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 page 20 of the instructions)?	N/A	1b		
Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c Did the organization 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 2005?		1c		X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):				
a At the end of tax year 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005?	☐ Yes ☒ No			
If "Yes," list the years ▶ ______, ______, ______, ______				
b Are there any years listed in 2a for which the organization 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 organization 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 2005 as a result of (1) any purchase by the organization 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 organization had excess business holdings in 2005.)*	N/A	3b		
4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b Did the organization 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 2005?		4b		X
5a During the year did the organization 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 organization 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 organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No			
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		6b		X
If you answered "Yes" to 6b, also file Form 8870				

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
MARTHA CLARK ATWATER 636 FERNDALE AVENUE WAYZATA, MN 55391	DIRECTOR 0.00	0.	0.	0.
H B ATWATER, JR 636 FERNDALE AVENUE WAYZATA, MN 55391	DIRECTOR 0.00	0.	0.	0.
ELIZABETH ATWATER CONNOLLY 2010 JAMES AVENUE SOUTH MINNEAPOLIS, MN 55405	DIRECTOR 0.00	0.	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

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 NONE	
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 NONE	
2	
All other program-related investments. See instructions. 3 NONE	
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	7,689,211.
b	Average of monthly cash balances	1b	1,337,416.
c	Fair market value of all other assets	1c	24,876,011.
d	**Total** (add lines 1a, b, and c)	1d	33,902,638.
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	33,902,638.
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	508,540.
5	**Net value of noncharitable-use assets** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	33,394,098.
6	**Minimum investment return** Enter 5% of line 5	6	1,669,705.

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	1,669,705.
2a	Tax on investment income for 2005 from Part VI, line 5	2a	33,653.		
b	Income tax for 2005. (This does not include the tax from Part VI.)	2b	20,480.		
c	Add lines 2a and 2b			2c	54,133.
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	1,615,572.
4	Recoveries of amounts treated as qualifying distributions			4	8,680.
5	Add lines 3 and 4			5	1,624,252.
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	1,624,252.

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	1,386,756.
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	1,386,756.
5	Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b	5	33,653.
6	**Adjusted qualifying distributions** Subtract line 5 from line 4	6	1,353,103.

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 2004	(c) 2004	(d) 2005
1 Distributable amount for 2005 from Part XI, line 7				1,624,252.
2 Undistributed income, if any, as of the end of 2004				
a Enter amount for 2004 only			1,366,800.	
b Total for prior years ______ , ______ , ______		0.		
3 Excess distributions carryover, if any, to 2005:				
a From 2000				
b From 2001				
c From 2002				
d From 2003				
e From 2004				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2005 from Part XII, line 4. ▶ $ 1,386,756.				
a Applied to 2004, but not more than line 2a			1,366,800.	
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 2005 distributable amount				19,956.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2005 (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	0.			
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 2004 Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				1,604,296.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2000 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2006 Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2001				
b Excess from 2002				
c Excess from 2003				
d Excess from 2004				
e Excess from 2005				

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 2005, enter the date of the ruling ▶

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(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 organization had $5,000 or more in assets at any time during the year-see page 26 of the instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

H B ATWATER, JR

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

NONE

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

Check here ▶ ☐ if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization 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.

MARTHA C. ATWATER
636 FERNDALE AVENUE, WAYZATA, MN 55391

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

IN WRITING WITH SUPPORTING MATERIALS INDICATING CHARITABLE PURPOSE

c Any submission deadlines:

N/A

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

N/A

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient 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*				
SEE STATEMENT 11				1377365.
Total			▶ 3a	1377365.
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					
4 Dividends and interest from securities			14	149,147.	
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			14	1,607,091.	
8 Gain or (loss) from sales of assets other than inventory			18	2,436,342.	
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.		4,192,580.	0.

13 Total Add line 12, columns (b), (d), and (e) 13 4,192,580.

(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 organization'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 organization 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 organization. If the organization 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 organization 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 or fiduciary) is based on all information of which preparer has any knowledge

Signature of officer or trustee | Date 9/22/09 | Title VP

Paid Preparer's Use Only

Preparer's signature | Date 9-18-09 | Check if self-employed ☐ | Preparer's SSN or PTIN P00068340

Firm's name (or yours if self employed) address and ZIP code: LARSON ALLEN WEISHAIR & CO., LLP
220 SOUTH SIXTH STREET, SUITE 300
MINNEAPOLIS, MN 55402

EIN ▶ 41-0746749

Phone no. 612-376-4500

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No 1545-0047

2005

Name of organization: PROSPECT CREEK FOUNDATION

Employer identification number: 41-1736420

Organization type (check one)

Filers of:	Section:
Form 990 or 990-EZ	☐ 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 organizations 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 Form 990 EZ, that met the 33 1/3% support test under Regulations sections 1 509(a) 3/1 170A-9(e) and received from any one contributor, during the year, a contribution of the greater of $5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990 EZ, that received from any one contributor, during the year, aggregate contributions or bequests 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 Form 990 EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not aggregate 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: *Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they* **must** *check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)*

LHA **For Paperwork Reduction Act Notice, see the Instructions for Form 990, Form 990-EZ, and Form 990-PF.**

Name of organization: PROSPECT CREEK FOUNDATION

Employer identification number: 41-1736420

Part I Contributors (See Specific Instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	H. B. ATWATER 636 WEST FERNDALE ROAD WAYZATA, MN 55391	$ 1,315,990.	Person ☐ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

Name of organization: PROSPECT CREEK FOUNDATION

Employer identification number: 41-1736420

Part II Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	26,400 SHARES OF GENERAL MILLS STOCK	$ 1,315,990	12/14/05
		$	
		$	
		$	
		$	
		$	

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
DIVIDENDS	76,573.	0.	76,573.
INTEREST	85,920.	0.	85,920.
PURCHASED INTEREST	-13,346.	0.	-13,346.
TOTAL TO FM 990-PF, PART I, LN 4	149,147.	0.	149,147.

FORM 990-PF	OTHER INCOME	STATEMENT 2

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
PARTNERSHIP K-1 INCOME	1,592,211.	825,729.	1,592,211.
MISCELLANEOUS INCOME	14,880.	0.	14,880.
TOTAL TO FORM 990-PF, PART I, LINE 11	1,607,091.	825,729.	1,607,091.

FORM 990-PF	ACCOUNTING FEES	STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	7,970.	0.	0.	7,970.
TO FORM 990-PF, PG 1, LN 16B	7,970.	0.	0.	7,970.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT MANAGEMENT FEES	45,924.	45,924.	0.	0.
TO FORM 990-PF, PG 1, LN 16C	45,924.	45,924.	0.	0.

FORM 990-PF TAXES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
2004 990-PF EXTENSION	27,000.	0.	0.	0.
2004 990-T EXTENSION	1,000.	0.	0.	0.
2005 990-PF ESTIMATES	25,000.	0.	0.	0.
2005 990-T BALANCE DUE	19,632.	0.	0.	0.
2004 MINNESOTA FILING FEE	25.	0.	0.	0.
TO FORM 990-PF, PG 1, LN 18	72,657.	0.	0.	0.

FORM 990-PF OTHER EXPENSES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISCELLANEOUS EXPENSE	1,421.	0.	0.	1,421.
TO FORM 990-PF, PG 1, LN 23	1,421.	0.	0.	1,421.

FORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 7

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
SEE STATEMENT 15	X		1,657,309.	1,657,309.
TOTAL U.S. GOVERNMENT OBLIGATIONS			1,657,309.	1,657,309.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			1,657,309.	1,657,309.

FORM 990-PF CORPORATE STOCK STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE STATEMENT 15	4,933,434.	5,804,079.
TOTAL TO FORM 990-PF, PART II, LINE 10B	4,933,434.	5,804,079.

FORM 990-PF CORPORATE BONDS STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE STATEMENT 15	0.	0.
TOTAL TO FORM 990-PF, PART II, LINE 10C	0.	0.

FORM 990-PF OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
PARTNERSHIPS - SEE STATEMENT 15	24,825,086.	24,825,086.
TOTAL TO FORM 990-PF, PART II, LINE 13	24,825,086.	24,825,086.

PROSPECT CREEK FOUNDATION

41-1736420

2005 FORM-PF

NAME	ADDRESS	PURPOSE	AMOUNT
Abbott Northwestern Hospital -Virginia Piper	800 East 28th Street, Minneapolis, MN 55407-3799	Operational	5,000
Admission Possible	450 North Syndicate St, Suite 200, St Paul, MN 55104	Operational	3,500
American Museum of Natural History	Central Park West at 79th Street, New York, NY 10024	Operational	500
Bay Area Ridge Trail Council	1007 General Kennedy Ave, Suite 3, San Francisco, CA 94129	Operational	500
Boys & Girls Clubs of St Helena	1420 Tainter St , St Helena, CA 94574	Operational	1,000
Chamber Music in Napa Valley	4050 Spring Mountain Road, St Helena, CA 94574	Operational	1,000
Chili Ball 2004	Clinic Ole, 1141 Pear Tree Lane, Suite 100 Napa, CA 94558	Operational	500
Dawn Redwood Trust	624 Taylor St San Francisco, CA 94102	Operational	500
Fine Arts Museum of San Francisco	233 Post Street, San Francisco, CA 94108	Operational	15,000
Franconia Sculpture	20665 Lake Blvd , Shafer, MN 55074	Operational	1,000
Guthrie Theater	725 Vineland Place, Minneapolis, MN 55403	Operational	35,000
Hoover Institution	Stanford University, Stanford, CA 94305-6010	Operational	5,000
Music in the Vineyards	PO Box 6297, Napa, CA 94581	Operational	1,000
Napa Valley Heritage Fund	PO Box 162, St Helena, CA 94574	Operational	1,000
Napa Valley Museum	55 President's Circle, Yountville, CA 94559	Operational	6,875
Napa Valley Opera House	2407 California Blvd , Napa, CA 94558	Operational	15,000
Pomona College	550 North College Avenue, Claremont, CA 91711-6306	Operational	25,000
Princeton Club of Minnesota	PO Box 46, Princeton, NJ 08544	Operational	250
San Francisco Museum of Modern Art	151 Third Street, San Francisco, CA 94103	Operational	57,340
Schwab Fund for Charitable Giving	101 Montgomery Street, San Francisco, CA 94104	Operational	1,100,000
St Helena Hospital Foundation	650 Sanitarium Road, Deer Park, CA 94576	Operational	12,200
Stanford Graduate School of Business	518 Memorial Way, Stanford, CA 94305	Operational	15,000
Telluride Historical Museum	PO Box 1597, Telluride, CO 81435	Operational	5,000
The Great Northern Alliance	PO Box 15715, Minneapolis, MN 55415	Operational	5,000
The Thacher School	5025 Thacher Road, Ojai, CA 92023	Operational	5,000
Walker Art Center	725 Vineland Place, Minneapolis, MN 55403	Operational	60,200
TOTAL			1,377,365

PROSPECT CREEK FOUNDATION
41-1736420
2005 FORM-PF

PARTNERSHIP	STCG	LTCG
ASPEN PARTNERS - SERIES A	(3,344)	111,800
BAUPOST VALUE LP - I	11,670	26,099
FARALLON CAPITAL PARTERNS, L P	(1)	107
FARALLON CAPTIAL OFFSHORE		534,410
PRIME-SCRC LP	1	1
VALUEACT CAPITAL PARTNERS II, L P	234,808	145,290
SPO PARTNERS II, L.P.	34,916	480,743
FCO - WATERSHED CAPITAL PARTNERS		1,858
FCOI II - WATERSHED CAPITAL PARTNERS		387
TOTALS FROM PARTNERSHIPS	278,050	1,300,695

PROSPECT CREEK FOUNDATION
41-1736420
2005 FORM 990-PF

	STCG	LTCG
Bears Stearn	-	190,129
Morgan Stanley Dean Witter #568	-	-
Morgan Stanley Dean Witter #559	(12,469)	679,937
	(12,469)	870,066

McDonald Capital Investors

REALIZED GAINS AND LOSSES

Prospect Creek Foundation

From 01-01-05 Through 12-31-05

Open Date	Close Date	Quantity	Security	Cost Basis	Proceeds	Gain Or Loss Short Term	Gain Or Loss Long Term
07-21-03	03-30-05	1,700	Clorox	75,733 81	107,311 95		31,578 14
07-23-03	03-30-05	2,100	Clorox	92,823 27	132,561 81		39,738.54
07-23-03	03-31-05	500	Clorox	22,100 78	31,501 91		9,401.13
07-23-03	04-07-05	100	Clorox	4,420.16	6,452 74		2,032 58
07-25-03	04-07-05	1,000	Clorox	44,168 99	64,527 36		20,358 37
07-10-03	04-20-05	650	Progressive Corp.	47,413 11	59,363.39		11,950 28
07-10-03	05-09-05	500	Progressive Corp.	36,471 62	46,725 19		10,253 57
07-10-03	05-17-05	600	Progressive Corp.	43,765 95	56,081.39		12,315 44
07-17-03	05-20-05	900	Progressive Corp	61,789.53	84,821.84		23,032.31
12-10-03	06-09-05	400	Liz Claiborne	13,749 44	16,348.19		2,598 75
07-10-03	07-28-05	600	Iron Mountain Inc	15,203.52	19,771 86		4,568 34
09-09-03	07-28-05	750	Iron Mountain Inc	18,036 95	24,714 83		6,677 88
08-09-04	09-29-05	55,000	I2 Technologies 5 250% Due 12-15-06	49,456 25	54,837 50		5,381 25
07-22-03	12-16-05	2,200	Cardinal Health Inc	140,622.43	150,865 02		10,242.59
TOTAL GAINS						0 00	190,129 17
TOTAL LOSSES						0 00	0.00
				665,755.81	**855,884.98**	**0.00**	**190,129.17**

TOTAL REALIZED GAIN/LOSS 190,129 17

13.1

REALIZED GAIN/(LOSS) SUMMARY

This Gain and Loss Summary is provided for informational purposes only. It is important that you consult with a professional tax advisor regarding your individual tax situation, as Morgan Stanley DW, Inc. (Morgan Stanley) cannot provide you with tax advice. Although Morgan Stanley is providing this information as an additional service, we do not guarantee that it is sufficient for tax reporting purposes, and are not liable for your reliance upon or use of this information. The Gain and Loss Summary is not a substitute 1099 form (or any other appropriate tax form), has not been supplied to the IRS and should not be filed with your taxes.

If cost basis information is not available, gain or (loss) will not be reflected on this Summary. For securities not purchased through Morgan Stanley, including securities purchased elsewhere and later transferred to Morgan Stanley, cost basis information may not be provided. To correct any information supplied by Morgan Stanley, please inform your Financial Advisor. To add cost basis information, you may either inform your Financial Advisor or input the data directly yourself through our client-only Web site, ClientServ. Please note that although Morgan Stanley makes every effort to adjust the cost basis for such securities' capital changes, it does not adjust the cost basis for all events.

Short Term

DESCRIPTION		QUANTITY	DATE ACQUIRED	DATE SOLD	TOTAL COST ORIGINAL/ ADJUSTED	PROCEEDS	REALIZED GAIN/(LOSS)	ADDITIONAL INFORMATION
FFCB	4.450 11-05-07	200,000 000	04/01/2005	07/05/2005	$200,219 16 A	$200,000.00	$(219 16)	Adjusted 08/29/2005
FHLB	4 350 7-07-08	250,000 000	01/20/2005	12/13/2005	$250,758 79 A	$245,078 13	$(5,680 66)	Adjusted 01/02/2006
FHLMC MTN	4 100 1-11-08	200,000 000	06/07/2005	12/13/2005	$200,000 00	$196,187 50	$(3,812 50)	
FNMA	4 000 2-08-08	200,000 000	01/12/2005	12/13/2005	$200,000 00	$195,750 00	$(4,250 00)	
US TSY BILL	000 2-10-05	250,000 000	01/12/2005	02/08/2005	$250,000 00	$250,000 00	$0 00	
US TSY BILL	000 2-17-05	200,000 000	02/10/2005	02/15/2005	$200,000 00	$200,000.00	$0 00	
US TSY BILL	.000 2-24-05	200,000.000	02/10/2005	02/22/2005	$200,000 00	$200,000 00	$0 00	
US TSY BILL	.000 3-03-05	100,000 000	02/10/2005	03/01/2005	$100,000 00	$100,000.00	$0 00	
US TSY BILL	000 3-10-05	200,000.000	02/09/2005	03/08/2005	$200,000.00	$200,000.00	$0 00	
US TSY BILL	000 3-17-05	200,000 000	02/16/2005	03/15/2005	$200,000 00	$200,000.00	$0 00	
US TSY BILL	,000 3-24-05	200,000.000	02/24/2005	03/22/2005	$200,000.00	$200,000.00	$0 00	
US TSY BILL	000 3-31-05	100,000 000	03/02/2005	03/29/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL	000 4-07-05	100,000 000	03/09/2005	04/04/2005	$99,807.10	$99,979.85	$172 75	
US TSY BILL	000 4-07-05	200,000 000	03/09/2005	04/05/2005	$200,000 00	$200,000 00	$0 00	
US TSY BILL	000 4-14-05	200,000 000	03/16/2005	04/12/2005	$200,000 00	$200,000 00	$0 00	
US TSY BILL	000 4-21-05	200,000.000	03/23/2005	04/19/2005	$200,000.00	$200,000 00	$0 00	
US TSY BILL	000 4-28-05	100,000 000	03/30/2005	04/26/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL	000 5-05-05	100,000 000	04/21/2005	05/03/2005	$100,000 00	$100,000.00	$0 00	
US TSY BILL	.000 5-12-05	200,000 000	04/13/2005	05/10/2005	$200,000.00	$200,000 00	$0.00	
US TSY BILL	.000 5-19-05	200,000 000	04/20/2005	05/17/2005	$200,000.00	$200,000 00	$0.00	
US TSY BILL	000 5-26-05	100,000 000	04/27/2005	05/24/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL	000 6-02-05	100,000 000	05/04/2005	05/31/2005	$100,000.00	$100,000.00	$0 00	
US TSY BILL	.000 6-09-05	200,000 000	05/11/2005	06/07/2005	$200,000 00	$200,000 00	$0 00	
US TSY BILL	.000 6-16-05	100,000 000	05/18/2005	06/14/2005	$100,000.00	$100,000 00	$0.00	
US TSY BILL	000 6-23-05	100,000 000	05/25/2005	06/21/2005	$100,000 00	$100,000.00	$0 00	
US TSY BILL	000 6-30-05	100,000 000	06/01/2005	06/28/2005	$100,000 00	$100,000.00	$0.00	

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13.2

REALIZED GAIN/(LOSS) SUMMARY (continued)

DESCRIPTION	QUANTITY	DATE ACQUIRED	DATE SOLD	TOTAL COST ORIGINAL/ ADJUSTED	PROCEEDS	REALIZED GAIN/(LOSS)	ADDITIONAL INFORMATION
US TSY BILL 000 7-07-05	100,000 000	06/08/2005	06/28/2005	$99,791 83	$99,925 75	$133.92	
US TSY BILL 000 7-07-05	100,000 000	06/08/2005	07/05/2005	$100,000 00	$100,000 00	$0.00	
US TSY BILL 000 7-14-05	100,000 000	07/07/2005	07/12/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL .000 7-21-05	100,000 000	06/22/2005	07/19/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL 000 7-28-05	100,000 000	07/07/2005	07/26/2005	$100,000 00	$100,000.00	$0 00	
US TSY BILL 000 8-04-05	100,000.000	07/06/2005	08/02/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL .000 8-11-05	100,000 000	07/13/2005	08/09/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL .000 8-18-05	100,000 000	07/20/2005	08/16/2005	$100,000 00	$100,000 00	$0.00	
US TSY BILL 000 8-25-05	100,000 000	07/27/2005	08/23/2005	$100,000 00	$100,000 00	$0.00	
US TSY BILL 000 9-01-05	100,000 000	08/03/2005	08/30/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL 000 9-01-05	500,000 000	08/25/2005	08/30/2005	$500,000 00	$500,000 00	$0 00	
US TSY BILL .000 9-08-05	100,000 000	08/10/2005	09/06/2005	$100,000 00	$100,000 00	$0 00	
US TSY BILL .000 9-08-05	200,000 000	08/25/2005	09/06/2005	$200,000 00	$200,000.00	$0 00	
US TSY BILL 000 9-15-05	300,000.000	08/17/2005	09/13/2005	$300,000 00	$300,000.00	$0 00	
US TSY BILL 000 9-22-05	200,000 000	08/24/2005	09/20/2005	$200,000 00	$200,000 00	$0.00	
US TSY BILL .000 9-29-05	200,000 000	09/08/2005	09/27/2005	$200,000 00	$200,000 00	$0 00	
US TSY BILL 000 10-06-05	200,000 000	09/07/2005	10/04/2005	$200,000 00	$200,000 00	$0 00	
US TSY BILL .000 10-13-05	300,000.000	09/14/2005	10/11/2005	$300,000 00	$300,000.00	$0 00	
US TSY BILL 000 10-20-05	200,000.000	09/21/2005	10/18/2005	$200,000 00	$200,000.00	$0 00	
US TSY BILL .000 10-27-05	200,000.000	09/28/2005	10/25/2005	$200,000 00	$200,000.00	$0 00	
US TSY BILL 000 11-03-05	200,000.000	10/05/2005	10/31/2005	$199,502 85	$199,948 20	$445.35	
US TSY BILL 000 11-10-05	300,000 000	10/12/2005	10/31/2005	$299,221 35	$299,719 80	$498.45	
US TSY BILL 000 11-17-05	200,000 000	10/19/2005	10/31/2005	$199,473 25	$199,663 60	$190 35	
US TSY BILL 000 12-01-05	200,000 000	10/27/2005	10/31/2005	$199,335 00	$199,369 40	$34.40	
US TSY BILL 000 12-01-05	100,000 000	10/27/2005	10/31/2005	$99,667.50	$99,684.70	$17.20	
US TSY BILL 000 12-29-05	800,000.000	12/22/2005	12/27/2005	$800,000 00	$800,000.00	$0.00	
Total Short Term					**$9,485,306.93**	**$(12,469.90)**	

Long Term

DESCRIPTION	QUANTITY	DATE ACQUIRED	DATE SOLD	TOTAL COST ORIGINAL/ ADJUSTED	PROCEEDS	REALIZED GAIN/(LOSS)	ADDITIONAL INFORMATION
FHLB 3 1/2 11-09-07	250,000.000	10/22/2004	12/13/2005	$250,000 00	$246,328 13	$(3,671 87)	
FNMA 4.000 5-20-08	200,000 000	08/12/2004	12/13/2005	$200,123 35 A	$194,875 00	$(5,248 35)	Adjusted 01/02/2006
GENERAL MILLS INC	5,444 000	06/22/1987	12/15/2005	$107,705.95 P	$271,373 14	$163,667 19	Adjusted 12/14/2005
GENERAL MILLS INC	3,668 000	06/22/1987	12/15/2005	$82,516 41 P	$182,842 89	$100,326 48	Adjusted 12/14/2005
GENERAL MILLS INC	3,668 000	06/22/1987	12/15/2005	$82,516 41 P	$182,842 89	$100,326.48	Adjusted 12/14/2005
GENERAL MILLS INC	5,932 000	06/22/1987	12/15/2005	$153,134.58 P	$295,699 02	$142,564.44	Adjusted 12/14/2005
GENERAL MILLS INC	5,932 000	06/22/1987	12/15/2005	$153,134 58 P	$295,699 02	$142,564 44	Adjusted 12/14/2005

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13.3

REALIZED GAIN/(LOSS) SUMMARY(continued)

DESCRIPTION	QUANTITY	DATE ACQUIRED	DATE SOLD	TOTAL COST ORIGINAL/ ADJUSTED	PROCEEDS	REALIZED GAIN/(LOSS)	ADDITIONAL INFORMATION
GENERAL MILLS INC	1,756 000	06/22/1987	12/15/2005	$48,125 38 P	$87,533 29	$39,407.91	Adjusted 12/14/2005
Total Long Term					**$1,757,193.38**	**$679,936.72**	
Total Short And Long Term					**$11,242,500.31**	**$667,466.82**	

P You have provided the trade history for this transaction, it was not available through Morgan Stanley DW Inc. records
A Information for this transaction reflects your requested adjustments to existing Morgan Stanley DW Inc trade history

13.4

PROSPECT CREEK FOUNDATION
41-1736420
2005 FORM-PF

PARTNERSHIP	ORDINARY INCOME(LOSS)	RENTAL INCOME(LOSS)	INTEREST	DIVIDENDS	OTHER INCOME	PORTFOLIO DEDUCTIONS	INTEREST EXPENSE	TOTALS
ASPEN PARTNERS - SERIES A			141 931	11,520	(3 524)	(42,004)	(69,963)	37,960
BAUPOST VALUE LP - I	4,522	(11,189)	14,740	62,172	387,659	(16 114)	(1,992)	439,798
FARALLON CAPITAL PARTERNS, L P	42,630	(4,971)	9,948	5,251	(36,274)	(48)	(4,540)	11,996
FARALLON CAPITAL OFFSHORE					382,281			382,281
PRIME-SCRC LP		1,223	30	1	1	(1)	(5)	1,249
VALUEACT CAPITAL PARTNERS II, L P			12,938	20,436		(36 026)	(86)	(2,738)
SPO PARTNERS II, L P	(8,106)		3,885	20,685	1,345	(133,266)	(10,120)	(125 577)
FCO - WATERSHED CAPITAL PARTNERS					8,053			8,053
FCO - PROSPERITY AURORA LTD					14			14
FCO - RUSSIAN PROSPERITY RASSVET FUND								-
FCO - NOONDAY OFFSHORE INC					2,379			2,379
FCOI II HOLDINGS, LP					66,298			66,298
FCOI II - WATERSHED CAPITAL PARTNERS					1,677			1,677
FCOI II - PROSPERITY AURORA LTD					19			19
FCOI II - RUSSIAN PROSPERITY RASSVET FUND					-			-
FCOI II - NOONDAY OFFSHORE INC					297			297
MARATHON FUND LIMITED PARTNERSHIP			2,514			(491)		2,023
TOTALS FROM PARTNERSHIPS	39,046	(14,937)	185,986	120,065	810,225	(227,950)	(86,706)	825 729

Prospect Creek Foundation
Asset Summary - Cost & FMV
at 12/31/2005

AT COST - 2004	LOWRY HILL	MSDW #568	MSDW #559	McDONALD CAPITAL	CHKING	PRTNRSHPS	RECEIVABLE NAPA VALLEY	TOTALS
Cash					21,643			21,643
Money Market	26,956	6,509	1,665,447	612,113				2,311,025
Equities				4,679,247				4,679,247
Corporate Bonds				51,700				51,700
Government Securities			950,000					950,000
Other						24,373,927	8,680	24,382,607
	26,956	6,509	2,615,447	5,343,060	21,643	24,373,927	8,680	32,396,222
AT COST - 2005								
Cash		3,065,000			47,989			3,112,989
Money Market	33,328	34,176	476,987	637,289				1,181,780
Equities				4,933,434				4,933,434
Corporate Bonds								-
Government Securities			1,657,309					1,657,309
Other						24,825,086		24,825,086
	33,328	3,099,176	2,134,296	5,570,723	47,989	24,825,086	-	35,710,598
AT FMV - 2005								
Cash		3,065,000			47,989			3,112,989
Money Market	33,328	34,176	476,987	637,289				1,181,780
Equities				5,804,079				5,804,079
Corporate Bonds								-
Government Securities			1,657,309					1,657,309
Other						24,825,086		24,825,086
	33,328	3,099,176	2,134,296	6,441,368	47,989	24,825,086	-	36,581,243