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Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust

Treated as a Private Foundation

2009

Department of the Treasury
Internal Revenue Service

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

For calendar year 2009, or tax year beginning , and ending

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation THALER FAMILY FOUNDATION		A Employer identification number 36-4622803
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number 612-670-0100
	City or town, state, and ZIP code MINNETRISTA, MN 55364		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: ☒ 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) \$ 736,312.		J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received	151,224.		N/A	
	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	10,329.	10,329.		STATEMENT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	13,393.			
	b Gross sales price for all assets on line 6a	70,541.			
	7 Capital gain net income (from Part IV, line 2)		13,393.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income					
12 Total. Add lines 1 through 11	174,946.	23,722.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees	STMT 2	1,896.	0.	1,896.
	c Other professional fees	STMT 3	6,131.	6,131.	0.
	17 Interest				
	18 Taxes	STMT 4	4,160.	0.	0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses	STMT 5	75.	0.	75.
	24 Total operating and administrative expenses. Add lines 13 through 23		12,262.	6,131.	1,971.
	25 Contributions, gifts, grants paid				
26 Total expenses and disbursements. Add lines 24 and 25		12,262.	6,131.	1,971.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		162,684.			
b Net investment income (if negative, enter -0-)			17,591.		
c Adjusted net income (if negative, enter -0-)			N/A		

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year	End of year	
				(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash - non-interest-bearing		975.	1,393.	1,393.
	2	Savings and temporary cash investments		207,438.	131,397.	131,397.
	3	Accounts receivable ▶				
		Less: allowance for doubtful accounts ▶				
	4	Pledges receivable ▶				
		Less: allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons				
	7	Other notes and loans receivable ▶				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments - U.S. and state government obligations				
	b	Investments - corporate stock	STMT 6	257,438.	434,193.	434,193.
	c	Investments - corporate bonds				
11	Investments - land, buildings, and equipment basis ▶					
	Less: accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other	STMT 7	10,165.	169,629.	169,329.	
14	Land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation ▶					
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers)		476,016.	736,612.	736,312.	
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable				
	22	Other liabilities (describe ▶)				
23	Total liabilities (add lines 17 through 22)		0.	0.		
Net Assets or Fund Balances		Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ ☐				
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
		Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ ☒				
	27	Capital stock, trust principal, or current funds		476,016.	736,612.	
	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		476,016.	736,612.		
31	Total liabilities and net assets/fund balances		476,016.	736,612.		

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	476,016.
2	Enter amount from Part I, line 27a	2	162,684.
3	Other increases not included in line 2 (itemize) ▶ UNREALIZED GAIN/LOSS ON ASSETS	3	97,912.
4	Add lines 1, 2, and 3	4	736,612.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	736,612.

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			
b SEE ATTACHED STATEMENT			
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 70,541.		57,148.	13,393.

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			
b			
c			
d			
e			13,393.

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	13,393.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8 }	3	N/A

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☒ No

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

1 Enter the appropriate amount in each column for each year; see instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	0.	109,963.	.000000
2007			
2006			
2005			
2004			

2 Total of line 1, column (d)	2	.000000
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	.000000
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	529,360.
5 Multiply line 4 by line 3	5	0.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	176.
7 Add lines 5 and 6	7	176.
8 Enter qualifying distributions from Part XII, line 4	8	1,971.

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter. _____ (attach copy of letter if necessary-see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b	1	176.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0.
3	Add lines 1 and 2	3	176.
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	176.
6	Credits/Payments		
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	2,080.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	2,080.
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	1,904.
11	Enter the amount of line 10 to be: Credited to 2010 estimated tax ☒ 1,904. Refunded ☐	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? 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		X
1c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ☒ \$ 0. (2) On foundation managers. ☒ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ☒ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		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		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		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?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	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 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	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 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

N/A

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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 acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	13	X	
14	The books are in care of ► SHARON R. P. THALER Telephone no. ► 612-670-0100 Located at ► 3316 WILLIAMS LANE, MINNETRISTA, MN ZIP+4 ► 55364			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A			

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here N/A ☐	1b	
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 2009?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? ☒ Yes ☐ No If "Yes," list the years ► 2008 , , ,		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions)	2b	X
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► , , ,		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No		
b	If "Yes," did it have excess business holdings in 2009 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 2009) N/A	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?	4b	X

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

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A

5b

Organizations relying on a current notice regarding disaster assistance check here

☒

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

☐ Yes ☐ No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

☐ Yes ☒ No

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

6b

X

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

☐ Yes ☒ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SHARON THALER	DIRECTOR			
3316 WILLIAMS LANE				
MINNETRISTA, MN 55364	1.00	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

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Part VIII**Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** (continued)**3** Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services

0

Part IX-A**Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 N/A	
2	
3	
4	

Part IX-B**Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	

Total. Add lines 1 through 3

0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	426,792.
b	Average of monthly cash balances	1b	110,629.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	537,421.
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	537,421.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	8,061.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	529,360.
6	Minimum investment return. Enter 5% of line 5	6	26,468.

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	26,468.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	176.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	176.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	26,292.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	26,292.
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	26,292.

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	1,971.
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	1,971.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	176.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,795.

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.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				26,292.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			3,456.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 1,971.				
a Applied to 2008, but not more than line 2a			1,971.	
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 2009 distributable amount				0.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (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:	0.			
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 2008. Subtract line 4a from line 2a. Taxable amount - see instructions			1,485.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				26,292.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

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 2009, enter the date of the ruling

1

- b Check box to indicate whether the foundation is a private operating foundation described in section

	4942(1)(3) or		4942(1)(5)
--	---------------	--	------------

- 2 a** Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

b 85% of line 2a

c Qualifying distributions from Part XII,
line 4 for each year listed

d Amounts included in line 2c not used directly for active conduct of exempt activities

e Qualifying distributions made directly for active conduct of exempt activities.

Subtract line 2d from line 2c

- 3 Complete 3a, b, or c for the alternative test relied upon:

a "Assets" alternative test - enter.

(1) Value of all assets

(2) Value of assets qualifying under section 4942(j)(3)(B)(i)

b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed

c "Support" alternative test - enter:

(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)

(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)

(3) Largest amount of support from an exempt organization

(4) Gross investment income

Part XV **Supplementary Information** (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see 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).)

NONE

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

NONE

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

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

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

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

c Any submission deadlines:

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

Part XV **Supplementary Information** (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient 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 <i>Paid during the year</i> NONE				
Total				▶ 3a 0.
b <i>Approved for future payment</i> NONE				
Total				▶ 3b 0.

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

- | | | Yes | No |
|---|--|-------|----|
| 1 | Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | |
| a | Transfers from the reporting foundation to a noncharitable exempt organization of: | | |
| | (1) Cash | 1a(1) | X |
| | (2) Other assets | 1a(2) | X |
| b | Other transactions: | | |
| | (1) Sales of assets to a noncharitable exempt organization | 1b(1) | X |
| | (2) Purchases of assets from a noncharitable exempt organization | 1b(2) | X |
| | (3) Rental of facilities, equipment, or other assets | 1b(3) | X |
| | (4) Reimbursement arrangements | 1b(4) | X |
| | (5) Loans or loan guarantees | 1b(5) | X |
| | (6) Performance of services or membership or fundraising solicitations | 1b(6) | X |
| c | Sharing of facilities, equipment, mailing lists, other assets, or paid employees | 1c | X |
| d | If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received. | | |

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No
- b** If "Yes," complete the following schedule.

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

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

Sign Here	Signature of officer or trustee <i>[Signature]</i>		Date <i>4/28/2010</i>		Title <i>Director</i>	
	Preparer's signature <i>[Signature]</i>		Date <i>4/28/10</i>		Check if self-employed ☐ Preparer's identifying number <i>476-74120</i>	
Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code LARSON ALLEN LLP 220 SOUTH SIXTH STREET, SUITE 300 MINNEAPOLIS, MN 55402				EIN Phone no. 612-376-4500	

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

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2009

Name of the organization

Employer identification number

THALER FAMILY FOUNDATION

36-4622803

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 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, aggregate 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 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. 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 line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions
for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2009)

Name of organization

Employer identification number

THALER FAMILY FOUNDATION

36-4622803

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	THALER CHARITABLE LEAD ANNUITY TRUST 18 LEXINGTON DR BEVERLY, MA 01915-2612	\$ 149,303.	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.)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

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	CHEVRON (300) SHARES	D	VARIOUS	
b	FASTENAL (300) SHARES	D	VARIOUS	
c	MICROSOFT (425) SHARES	D	VARIOUS	
d	MICROCHIP (650) SHARES	D	VARIOUS	
e	CHEVRON (200) SHARES	D	VARIOUS	
f	GOLDMAN (35) SHARES	D	VARIOUS	
g	CAPITAL GAIN DISTRIBUTIONS	P		
h				
i				
j				
k				
l				
m				
n				
o				

(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 22,036.		11,208.	10,828.
b 10,229.		9,837.	392.
c 6,892.		9,856.	-2,964.
d 11,849.		14,874.	-3,025.
e 13,693.		7,472.	6,221.
f 5,667.		3,901.	1,766.
g 175.			175.
h			
i			
j			
k			
l			
m			
n			
o			

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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			10,828.
b			392.
c			-2,964.
d			-3,025.
e			6,221.
f			1,766.
g			175.
h			
i			
j			
k			
l			
m			
n			
o			

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	13,393.
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

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	1
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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CHARLES SCHWAB DIVIDENDS	10,326.	0.	10,326.
CHARLES SCHWAB DIVIDENDS	3.	0.	3.
TOTAL TO FM 990-PF, PART I, LN 4	10,329.	0.	10,329.

FORM 990-PF	ACCOUNTING FEES	STATEMENT	2
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	1,896.	0.		1,896.
TO FORM 990-PF, PG 1, LN 16B	1,896.	0.		1,896.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	3
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MANAGEMENT FEES	6,131.	6,131.		0.
TO FORM 990-PF, PG 1, LN 16C	6,131.	6,131.		0.

FORM 990-PF	TAXES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
IRS TAXES	4,160.	0.		0.
TO FORM 990-PF, PG 1, LN 18	4,160.	0.		0.

FORM 990-PF	OTHER EXPENSES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK FEES	50.	0.		50.
MN AG FILING FEE	25.	0.		25.
TOTAL TO FORM 990-PF, PG 1, LN 23	75.	0.		75.

FORM 990-PF	CORPORATE STOCK	STATEMENT	6
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CHARLES SCHWAB - COMMON STOCK #1273 & #4078	434,193.	434,193.
TOTAL TO FORM 990-PF, PART II, LINE 10B	434,193.	434,193.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	7
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
CHARLES SCHWAB - EXCHANGE & FIXED INCOME FD #1273 & #4078	FMV	169,629.	169,329.
TOTAL TO FORM 990-PF, PART II, LINE 13		169,629.	169,329.

ALLEY COMPANY

Separate Account Investment Management

Alley Company

ASSET RECONCILIATION

Thaler Family Foundation

Consolidated Portfolio

From 12-31-08 To 12-31-09

Security	12-31-08 Market Value	Additions Purchases	Withdrawals Sales	Realized Gains	Unrealized Gains	Interest Dividends	12-31-09 Market Value
COMMON STOCK							
AT&T Incorporated	9,168 00	2,704.60	-336 00	0 00	2,002 40	336 00	13,875 00
Abbott Labs	13,342 50	0 00	-390 00	0 00	155 00	390 00	13,497 50
Apple Computer	0 00	9,108 95	0 00	0 00	11,764 25	0 00	21,073 20
Baxter	10,718 00	0 00	-208 00	0 00	1,018 00	208 00	11,736 00
Berkshire Hathaway Cl B	6,428 00	0 00	0 00	0 00	144 00	0 00	6,572 00
Charles Schwab, Inc	9,702 00	0 00	-144 00	0 00	1,590 00	144 00	11,292 00
Chevron Corp	36,985 00	0 00	-36,124 61	-1,256 39	0 00	396 00	0 00
Cisco Systems	8,150 00	3,386 75	0 00	0 00	5,221 25	0 00	16,758 00
DJ Dividend Index	4,129 00	0 00	-166 08	0 00	262 00	166 08	4,391 00
Densely Intl Inc	8,472 00	2,412 81	-75 00	0 00	3,183 19	75 00	14,068 00
Emerson Electric	0 00	8,229 02	-298 50	0 00	4,550 98	298 50	12,780 00
Exxon Mobil Corp.	0 00	11,990 85	-73 50	0 00	-57 60	73 50	11,933 25
Fastenal Co	10,455 00	0 00	-10,333 38	-226 42	0 00	105 00	0 00
Financial Sel SPDR	0 00	14,379 10	-246 18	0 00	5,780 90	246 18	20,160 00
Goldman Sachs	0 00	7,801 91	-5,727 75	1,765 55	2,008 45	61 25	5,909 40
Google Inc.	10,767 75	0 00	0 00	0 00	10,931 55	0 00	21,699 30
Microchip Technology	4,713 00	6,995 76	-240 18	0 00	5,003 64	240 18	16,712 40
Microsoft	12,694 50	0 00	-12,069 15	-845 70	0 00	220 35	0 00
Morgan Stanley	8,262 00	0 00	-6,947 71	-1,369 54	0 00	55 25	0 00
Oracle Corp	0 00	5,994 12	-10 75	0 00	369 88	10 75	6,364 00
Patterson Companies	10,638 00	0 00	-90 00	0 00	4,080 00	90 00	14,718 00
Paychex	2,625 00	8,489 09	0 00	0 00	4,274 91	0 00	15,389 00
Philip Morris International	0 00	9,189 79	-341 00	0 00	3,066 21	341 00	12,256 00
Procter & Gamble	15,228 50	0 00	-770 00	0 00	1,638 00	770 00	16,866 50
Schlumberger	14,836 80	0 00	-412 80	0 00	-285 60	412 80	14,551 20
Stryker	6,349 50	4,637 95	-168 00	0 00	5,285 05	168 00	16,272 50
Vanguard Emerging Market Fund	7,990 00	3,331 85	-110 00	0 00	3,789 15	110 00	15,111 00
Vanguard Europe Pac ETF	4,124 75	9,307 37	-239 80	0 00	4,607 88	239 80	18,040 00
Vanguard Extended Mkt	15,108 50	0 00	-448 80	0 00	3,701 50	448 80	18,810 00
Vanguard Index - Growth	14,215 50	26,409 69	-635 90	0 00	15,352 81	635 90	55,978 00
Walgreens	0 00	7,969 30	-54 57	0 00	1,050 90	54 57	9,020 20
	12,335 00	0 00	-250 00	0 00	6,025 00	250 00	18,360 00
	257,438 30	142,538 91	-76,911 86	-1,932 51	106,513 70	6,546 91	434,193 45

ALLEY COMPANY

Separate Account Investment Management

Alley Company

ASSET RECONCILIATION

Thaler Family Foundation

Consolidated Portfolio

From 12-31-08 To 12-31-09

Security	12-31-08 Market Value	Additions Purchases	Withdrawals Sales	Realized Gains	Unrealized Gains	Interest Dividends	12-31-09 Market Value
REIT EXCHANGE TRADED FUNDS							
Cohen & Steer Realty Majors Index Fund	0.00	5,274.10	-302.85	0.00	2,603.90	302.85	7,878.00
	0.00	5,274.10	-302.85	0.00	2,603.90	302.85	7,878.00
FIXED INCOME EXCHANGE TRADED FUNDS							
Vanguard Total Bond Index Fund	0.00	38,494.83	-795.34	0.00	407.22	795.34	38,902.05
iShares 1-3 Year Credit Bond Fund	0.00	18,260.45	0.00	0.00	-67.45	0.00	18,193.00
iShares 1-3 Year Treasury Bond Fund	0.00	25,219.99	-458.48	0.00	-331.99	458.48	24,888.00
iShares 10-20 Year Treasury Bond Fund	0.00	3,416.95	-44.08	0.00	-9.91	44.08	3,407.04
iShares 3-7 Year Treasury Bond Fund	0.00	3,305.56	-50.17	0.00	-0.76	50.17	3,304.80
iShares 7-10 Year Treasury Bond Fund	0.00	3,578.03	-59.54	0.00	-34.03	59.54	3,544.00
iShares GS Investor Corporate Bond Fund	10,165.00	34,278.60	-1,692.87	0.00	2,423.90	1,692.87	46,867.50
iShares High Yield Corporate Bond Fund	0.00	14,081.16	-496.34	0.00	1,290.84	496.34	15,372.00
iShares Tips Bond Fund	0.00	7,007.44	-209.09	0.00	265.56	209.09	7,273.00
	10,165.00	147,643.01	-3,805.91	0.00	3,943.38	3,805.91	161,751.39
CASH AND EQUIVALENTS							
Capital Gain Distribution (Long Term)	0.00	174.98	-174.98	0.00	0.00	0.00	0.00
Capital Gain Distribution (Short Term)	0.00	48.57	-48.57	0.00	0.00	0.00	0.00
Cash Account	975.70	515,520.36	-514,978.81	0.00	0.00	0.61	1,517.86
Schwab Government Money Fund	0.00	125,332.13	-24,099.00	0.00	0.00	2.07	101,235.20
Schwab U.S. Treasury Money Fund	207,437.74	83,807.56	-261,097.61	0.00	0.00	13.96	30,161.65
	208,413.44	724,883.60	-800,398.97	0.00	0.00	16.64	132,914.71

ALLEY COMPANY

Separate Account Investment Management

Alley Company

ASSET RECONCILIATION

Thaler Family Foundation

Consolidated Portfolio

From 12-31-08 To 12-31-09

Security	12-31-08 Market Value	Additions Purchases	Withdrawals Sales	Realized Gains	Unrealized Gains	Interest Dividends	12-31-09 Market Value
TOTAL PORTFOLIO	476,016.74	1,020,339.62	-881,419.59	-1,932.51	1,133,060.98 ^S	10,672.31	736,737.55