Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No. 1545-0052

2009

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
PROSPECT CREEK FOUNDATION

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

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

A Employer identification number
41-1736420

B Telephone number
612-672-9603

C If exemption application is pending, check here ▶☐

D 1. Foreign organizations, check here ▶☐

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

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

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

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

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 40,117,654.

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

Part I **Analysis of Revenue and Expenses** (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(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	1,800,000.			
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	162,690.	162,690.		
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	-477,762.			
b	Gross sales price for all assets on line 6a				
7	Capital gain net income (from Part IV, line 2)		0.		
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	5,486,970.	765,298.	STMT 17 0.	
12	**Total.** Add lines 1 through 11	6,971,898.	927,988.	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	5,500.	0.	0.	5,500.
b	Accounting fees	10,651.	0.	0.	10,651.
c	Other professional fees	22,771.	22,771.	0.	0.
17	Interest				
18	Taxes	25.	0.	0.	0.
19	Depreciation and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses				
24	**Total operating and administrative expenses.** Add lines 13 through 23	38,947.	22,771.	0.	16,151.
25	Contributions, gifts, grants paid	1,713,271.			1,713,271.
26	**Total expenses and disbursements.** Add lines 24 and 25	1,752,218.	22,771.	0.	1,729,422.
27	Subtract line 26 from line 12:				
a	Excess of revenue over expenses and disbursements	5,219,680.			
b	**Net investment income** (if negative, enter -0-)		905,217.		
c	**Adjusted net income** (if negative, enter -0-)			0.	

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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	38,399.	182,442.	182,442.
	2	Savings and temporary cash investments	336,278.	925,672.	925,672.
	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 8	2,607,839.	3,695,351.	3,692,784.
	b	Investments - corporate stock STMT 9	1,451,413.	1,365,063.	1,627,011.
	c	Investments - corporate bonds STMT 10	57,340.	57,340.	76,541.
	11	Investments - land, buildings, and equipment basis ▶			
		Less accumulated depreciation ▶			
	12	Investments - mortgage loans			
	13	Investments - other STMT 11	30,746,742.	34,238,649.	33,613,204.
	14	Land, buildings, and equipment: basis ▶			
		Less accumulated depreciation ▶			
	15	Other assets (describe ▶)			
	16	**Total assets** (to be completed by all filers)	35,238,011.	40,464,517.	40,117,654.
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	35,238,011.	40,464,517.	
	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**	35,238,011.	40,464,517.	
	31	**Total liabilities and net assets/fund balances**	35,238,011.	40,464,517.	

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	35,238,011.
2	Enter amount from Part I, line 27a	2	5,219,680.
3	Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 7	3	6,826.
4	Add lines 1, 2, and 3	4	40,464,517.
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	40,464,517.

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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 16		VARIOUS	VARIOUS
b	STCG FROM INVESTMENTS - SEE STATEMENT 16		VARIOUS	VARIOUS
c	LTCG FROM PARTNERSHIPS - SEE STATEMENT 15		VARIOUS	VARIOUS
d	STCG FROM PARTNERSHIPS - SEE STATEMENT 15		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				-29,176.
b				-1,600.
c				-737,130.
d				290,144.
e				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
	(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	
a				-29,176.
b				-1,600.
c				-737,130.
d				290,144.
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	-477,762.
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	1,707,559.	37,492,165.	.045544
2007	2,233,523.	42,064,449.	.053098
2006	1,602,623.	38,785,656.	.041320
2005	1,353,103.	33,394,098.	.040519
2004	1,300,805.	29,854,450.	.043572

2 Total of line 1, column (d)	2	.224053
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	.044811
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	37,255,787.
5 Multiply line 4 by line 3	5	1,669,469.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	9,052.
7 Add lines 5 and 6	7	1,678,521.
8 Enter qualifying distributions from Part XII, line 4	8	1,729,422.

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	9,052.
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	9,052.
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	9,052.
6	Credits/Payments:			
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a 28,200.		
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	28,200.
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	19,148.
11	Enter the amount of line 10 to be: **Credited to 2010 estimated tax** ▶ 19,148. **Refunded** ▶		11	0.

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?	1b		X
	If the answer is "Yes" to **1a** *or* **1b**, *attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a	X	
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	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 foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ 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*	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

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

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?	13	X	

Website address ▶ N/A

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

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

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)? N/A	1b		
Organizations relying on a current notice regarding disaster assistance check here ▶☐			
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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 ▶ ______, ______, ______, ______			
b Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.) N/A	2b		
c If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ______, ______, ______, ______			
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b If "Yes," did it have excess business holdings in 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

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
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

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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 NONE	0.
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	0.
2	
All other program-related investments. See instructions. 3 NONE	0.
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	4,979,971.
b	Average of monthly cash balances	1b	663,190.
c	Fair market value of all other assets	1c	32,179,973.
d	**Total** (add lines 1a, b, and c)	1d	37,823,134.
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	37,823,134.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	567,347.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	37,255,787.
6	**Minimum investment return** Enter 5% of line 5	6	1,862,789.

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	1,862,789.
2a	Tax on investment income for 2009 from Part VI, line 5 — 2a: 9,052.		
b	Income tax for 2009. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	9,052.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,853,737.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	1,853,737.
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	1,853,737.

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	1,729,422.
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	1,729,422.
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	9,052.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	1,720,370.

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				1,853,737.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			1,657,377.	
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: ▶ $ 1,729,422.				
a Applied to 2008, but not more than line 2a			1,657,377.	
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				72,045.
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:				
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 instr.			0.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				1,781,692.
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 ▶

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

	Tax year	Prior 3 years			
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

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 14				1,713,271.
Total			▶ 3a	1,713,271.
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	162,690.	
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	5,486,970.	
8 Gain or (loss) from sales of assets other than inventory			18	-477,762.	
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.		5,171,898.	0.

13 Total. Add line 12, columns (b), (d), and (e) 13 5,171,898.

(See worksheet in line 13 instructions to verify calculations.)

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

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

923621
02-02-10

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

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

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

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

b If "Yes," complete the following schedule.

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

Sign Here

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

Signature of officer or trustee — Date 11/15/2010 — Title V.P.

Paid Preparer's Use Only

Preparer's signature	Date 11-9-10	Check if self-employed ▶ ☐	Preparer's identifying number P00068340
Firm's name (or yours if self-employed), address, and ZIP code	LARSONALLEN LLP 220 SOUTH SIXTH STREET, SUITE 300 MINNEAPOLIS, MN 55402	EIN ▶ 41-0746749	Phone no. 612-376-4500

Form 990-PF (2009)

923622
02-02-10

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

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 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.**

Name of organization	Employer identification number
PROSPECT CREEK FOUNDATION	41-1736420

Part I **Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	H B ATWATER, JR 636 FERNDALE AVENUE WAYZATA, MN 55391	$ 1,800,000.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
DIVIDENDS	91,859.	0.	91,859.
INTEREST	86,072.	0.	86,072.
PURCHASED INTEREST	-15,241.	0.	-15,241.
TOTAL TO FM 990-PF, PART I, LN 4	162,690.	0.	162,690.

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	5,370,509.	765,298.	0.
TAX REFUND	107,228.	0.	0.
MISCELLANEOUS	9,233.	0.	0.
TOTAL TO FORM 990-PF, PART I, LINE 11	5,486,970.	765,298.	0.

FORM 990-PF LEGAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	5,500.	0.	0.	5,500.
TO FM 990-PF, PG 1, LN 16A	5,500.	0.	0.	5,500.

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	10,651.	0.	0.	10,651.
TO FORM 990-PF, PG 1, LN 16B	10,651.	0.	0.	10,651.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT MANAGEMENT FEES	22,771.	22,771.	0.	0.
TO FORM 990-PF, PG 1, LN 16C	22,771.	22,771.	0.	0.

FORM 990-PF TAXES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MINNESOTA FILING FEE	25.	0.	0.	0.
TO FORM 990-PF, PG 1, LN 18	25.	0.	0.	0.

FORM 990-PF OTHER INCREASES IN NET ASSETS OR FUND BALANCES STATEMENT 7

DESCRIPTION	AMOUNT
PARTNERSHIP DISTRIBUTIONS BOOK TO TAX ADJUSTMENT	96.
CARRYING VALUE ADJUSTMENT	6,730.
TOTAL TO FORM 990-PF, PART III, LINE 3	6,826.

ORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 8

ESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
EE STATEMENT 18	X		3,695,351.	3,692,784.
OTAL U.S. GOVERNMENT OBLIGATIONS			3,695,351.	3,692,784.
OTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
OTAL TO FORM 990-PF, PART II, LINE 10A			3,695,351.	3,692,784.

ORM 990-PF CORPORATE STOCK STATEMENT 9

ESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
EE STATEMENT 18	1,365,063.	1,627,011.
OTAL TO FORM 990-PF, PART II, LINE 10B	1,365,063.	1,627,011.

ORM 990-PF CORPORATE BONDS STATEMENT 10

ESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
EE STATEMENT 18	57,340.	76,541.
OTAL TO FORM 990-PF, PART II, LINE 10C	57,340.	76,541.

ORM 990-PF OTHER INVESTMENTS STATEMENT 11

ESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
ARTNERSHIPS - SEE STATEMENT 18	COST	34,238,649.	33,613,204.
OTAL TO FORM 990-PF, PART II, LINE 13		34,238,649.	33,613,204.

Statements 12 & 13 - Not Used

PROSPECT CREEK FOUNDATION
41-1736420
2009 FORM-PF

NAME	ADDRESS	PURPOSE	AMOUNT
Abbot Northwestern Hospital	800 East 28th Street, Minneapolis, MN 55407	Operational	5,000.00
Admission Possible	450 North Syndicate St, Suite 200, St. Paul, MN 55104	Operational	3,500.00
American Museum of Natural History	Central Park West at 79th Street, New York, NY 10024	Operational	500.00
Americans for UNFPA	370 Lexington Ave, New York, NY 10017	Operational	1,000.00
Angel Baskets	PO Box 22000, Telluride, CO 81435	Operational	500.00
Berkeley Repertory Theatre	2025 Addison Street, Berkeley, CA 94704	Operational	1,000.00
Bolder Options	2100 Stevens Avenue So, Minneapolis, MN 55404	Operational	10,000.00
Breakthrough Colaborative	545 Sansome Street, Suite 700, San Francisco, CA 94111	Operational	1,500.00
Brentwood School	100 South Barrington Place, Los Angeles, CA 90049	Operational	8,000.00
California Institute of Technology	MC5-32, Pasadena, CA 91125	Operational	180,000.00
CARE	601 Carlson Parkway, Suite 1050, Minnetonka, MN 55305	Operational	1,000.00
Central Asia Institite	PO Box 7209, Bozeman, MT 59771	Operational	2,000.00
Chamber Music in Napa Valley	4050 Spring Mountain Road, St. Helena, CA 94574	Operational	500.00
Chanticleer	44 Page Street, Suite 604, San Francisco, CA 94102	Operational	500.00
Children's Home Society	1605 Eutis Street, St. Paul, MN 55108	Operational	1,000.00
Citizens League	555 N Wabasha St, Suite 240, St. Paul, MN 55102	Operational	500.00
Clinic Ole	1141 Pear Tree Lane, Suite 260, Napa, CA 94558	Operational	10,000.00
Clinic Verde	109 Camino Vista, St. Helena, CA 94574	Operational	200.00
Fine Arts Museum of San Francisco	233 Post Street, San Francisco, CA 94108	Operational	25,000.00
Franconia Sculpture Park	29836 St. Croix Trail, Franconia, MN 55074	Operational	500.00
Friends of Mpls Public Library	300 Nicollet Mall, N-290, Minneapolis, MN 55401	Operational	2,000.00
Galapagos Conservancy	11150 Fairfax Blvd., Suite 408, Fairfax, VA 22040	Operational	500.00
Global Heritage Fund	625 Emerson Street, Suite 200, Palo Alto, CA 94301	Operational	1,000.00
Graywolf Press	2402 University Ave, Suite 203, St. Paul, MN 55114	Operational	2,000.00
Greater Minneapolis Council of Churches	1001 East Lake St, Minneapolis, MN 55407	Operational	1,000.00
Guthrie Theater	818 2nd Street So, Minneapolis, MN 55415	Operational	110,000.00
Habitat for Humanity	3001 4th Street SE, Minneapolis, MN 55414	Operational	2,000.00
Healthy Moms and Babies	1141 Pear Tree Lane, Suite 260, Napa, CA 94558	Operational	1,000.00
Highpoint Center for Printmaking	2638 Lyndale Ave So, Minneapolis, MN 55408	Operational	21,000.00
Hoover Institition	Stanford University, 326 Galvez Steet, Stanford, CA 94305	Operational	10,000.00

Statement 14

NAME	ADDRESS	PURPOSE	AMOUNT
Interfaith Outreach	110 Grand Avenue South, Wayzata, MN 55391	Operational	2,000.00
Kipp Foundation	135 Main Street, Suite 1700, San Francisco, CA 94105	Operational	5,000.00
KIPP:Minnesota	1601 Laurel Avenue, Minneapolis, MN 55403	Operational	75,000.00
Lake Minnetonka Association	PO Box 248, Excelsior, MN 55331	Operational	1,000.00
MacPhail Center for Music	1128 LaSalle Avenue, Minneapolis, MN 55403	Operational	1,000.00
Marin Country Day School	5221 Paradise Drive, Corte Madera, CA 94925	Operational	2,000.00
Mayo Clinic	200 First Street SW, Rochester, MN 55905	Operational	25,000.00
Mentoring Partnership of Minnesota	81 South 9th Street, Suite 200, Minneapolis, MN 55402	Operational	1,500.00
Minneapolis Institute of Arts	2400 3rd Avenue South, Minneapolis, MN 55404	Operational	20,000.00
Minneapolis Parks Foundation	3954 Bryant Avenue South, Minneapolis, MN 55409	Operational	250.00
Minnesota Children's Museum	10 West Seventh Street, St. Paul, MN 55102	Operational	1,500.00
Minnesota Historical Society	345 Kellogg Blvd, St. Paul, MN 55102	Operational	2,500.00
Minnesota Orchestra	1111 Nicollet Mall, Minneapolis, MN 55403	Operational	15,000.00
Minnesota Public Radio	480 Cedar Street, St. Paul, MN 55101	Operational	4,000.00
Minnetonka Center for the Arts	2240 North Shore Drive, Wayzata, MN 55391	Operational	2,000.00
Mississippi River Fund	26 East Exchange Street, St. Paul, MN 55101	Operational	1,000.00
Mixed Blood Theatre	1501 South Fourth Street, Minneapolis, MN 55454	Operational	1,000.00
Music in the Vineyards	PO Box 6297, Napa, CA 94581	Operational	1,500.00
Napa Valley Heritage Fund	PO Box 162, St. Helena, CA 94574	Operational	1,000.00
Napa Valley Opera House	1000 Main Street, Suite 150 , Napa, CA 94559	Operational	70,000.00
Napa Valley Writers Conference	2277 Napa-Vallejo Highway, Napa, CA 94558	Operational	1,000.00
Navy Supply Corps Foundation	1425 Prince Avenue, Athens, GA 30606	Operational	500.00
Orway Center for Performing Arts	345 Washington Street, St. Paul, MN 55102	Operational	1,000.00
Pacific Union College	One Angwin Avenue, Angwin, CA 94508	Operational	500.00
Parks & Trails Council of Minnesota	275 East 4th Street, Suite 642, St. Paul, MN 55101	Operational	1,000.00
Pathways	3115 Hennepin Avenue South, Minneapolis, MN 55408	Operational	5,000.00
Planned Parenthood	1200 Lagoon Avenue, Minneapolis, MN 55408	Operational	200,000.00
Pomoma College	333 North College Way, Claremont, CA 91711	Operational	12,000.00
Princeton University	Princeton, NJ 08544	Operational	33,000.00
Project Success	2124 Dupont Ave So, Minneapolis, MN 55405	Operational	1,000.00
San Francisco Opera	301 Van Ness Avenue, San Francisco, CA 94102	Operational	1,000.00
Save the Lake	18338 Minnetonka Blvd, Deephaven, MN 55391	Operational	500.00
Science Museum of Minnesota	120 Kellogg Blvd, St. Paul, MN 55102	Operational	5,000.00
St. Helena Farmer's Market	PO Box 70, St. Helena, CA 94574	Operational	500.00
St. Helena Hospital Foundation	10 Woodland Road, St. Helena, CA 94574	Operational	35,000.00
St. Paul Chamber Orchestra	408 Saint Peter Street, St. Paul, MN 55102	Operational	10,000.00
Store to Door	1821 Unversty Ave West, Suite 112, St. Paul, MN 55104	Operational	500.00
Telluride EMT Association	PO Box 1645, Telluride, CO 81435	Operational	1,000.00
Telluride Film Festival	800 Jones Street, Berkeley, CA 94710	Operational	9,200.00

Statement 14

NAME	ADDRESS	PURPOSE	AMOUNT
The Blake School	110 Blake Road South, Hopkins, MN 55343	Operational	15,000.00
The Boat Company	18819 Third Avenue NE, Suite 200, Poulsbo, WA 98370	Operational	100.00
The Bridge	2200 Emerson Avenue So, Minneapolis, MN 55405	Operational	1,000.00
The Children's Theatre Company	2400 third Avenue So, Minneapolis, MN 55404	Operational	3,000.00
The Jungle Theater	2951 Lyndale Avenue South, Minneapolis, MN 55408	Operational	1,000.00
The Land Trust of Napa Valley	116 New Montgomery Street, San Francisco, CA 94105	Operational	2,500.00
The Loft	1011 Washington Ave So, Minneapolis, MN 55415	Operational	1,000.00
The Minnesota Opera	620 North First Street, Minneapolis, MN 55401	Operational	5,000.00
The Minnesota Planetarium	818 9th Street, Suite 200, Minneapolis, MN 55402	Operational	500.00
The Minnesota Schubert	528 Hennepin Ave Suite 303, Minneapolis, MN 55403	Operational	25,000.00
The Museum of Russian Art	5500 Stevens Avenue South, Minneapolis, MN 55419	Operational	500.00
The Nature Conservancy	1101 West River parkway, Suite 200, Minneapolis, MN 55415	Operational	4,000.00
The Oxbow	530 Third Street, Napa, CA 94559	Operational	3,000.00
The Salvation Army	2445 Prior Avenue, Roseville, MN 55113	Operational	2,000.00
The Schubert Club	302 Landmark Center, St. Paul, MN 55102	Operational	1,000.00
The Trust for Public Land	2610 University Avenue, Suite 300, St. Paul, MN 55114	Operational	1,000.00
The White Barn	2727 Sulphur Springs, St. Helena, CA 94574	Operational	1,000.00
The Whole Learning School	12325 Highway 55, Plymouth, MN 55441	Operational	1,000.00
Tipping Point Community	703 Market Street, Suite 708, San Francisco, CA 94103	Operational	5,000.00
Tubman Family Alliance	3111 First Ave So, Minneapolis, MN 55408	Operational	1,000.00
Twin Cities Public Television	172 East 4th Street, St. Paul, MN 55101	Operational	2,000.00
UC San Francisco	44 Montgomery Street, Suite 0248, San Francisco, CA 94143	Operational	415,000.00
United Negro College Fund	8260 Willow Oaks Corporate Drive, Fairfax, VA 22031	Operational	1,000.00
United Theological Seminary	3000 5th Street NW, New Brighton, MN 55112	Operational	1,000.00
United Way	404 South 8th Street, Minneapolis, MN 55404	Operational	35,000.00
United World College	PO Box 248, Montezuma, NM 87732	Operational	125,000.00
UofM Foundation	200 Oak Street SE, Suite 500, Minneapolis, MN 55455	Operational	1,000.00
Urban Ventures	3041 Fourth Avenue South, Minneapolis, MN 55408	Operational	100,000.00
Walker Art Center	1750 Hennepin Avenue, Minneapolis, MN 55403	Operational	1,421.00
WATCH	608 2nd Avenue South, Minneapolis, MN 55402	Operational	1,000.00
Wayzata Fire Department	600 Rice Street, Wayzata, MN 55391	Operational	100.00
Wayzata Historical Society	402 East Lake Street, Wayzata, MN 55391	Operational	500.00
Wolf Ridge Environmental Learning Ctr	6282 Cranberry Road, Finland, MN 55603	Operational	1,000.00
Women Venture	2324 University Avenue, St. Paul, MN 55114	Operational	2,000.00
YMCA	30 South 9th Street, Minneapolis, MN 55402		1,000.00
TOTAL 2009 CONTRIBUTIONS			**1,713,271.00**

Statement 14

PROSPECT CREEK FOUNDATION
41-1736420
2009 FORM-PF

PARTNERSHIP	STCG	LTCG
BAUPOST VALUE LP - I	(32,615)	5,413
FARALLON CAPITAL PARTERNS, L.P.	-	(137)
PRIME-SCRC LP	7	(7)
MARATHON FUND LIMITED V	-	353
VALUEACT CAPITAL PARTNERS II, L.P.	3,438	(315,311)
SPO PARTNERS II, L.P.	318,782	(393,825)
HCP WPPE X INVESTORS, LLC	532	(33,616)
TOTALS FROM PARTNERSHIPS	290,144	(737,130)

PROSPECT CREEK FOUNDATION
41-1736420
2009 FORM 990-PF

	STCG	LTCG
McDonald Capital Management	-	(17,482)
Charles Schwab #5313	61	-
Charles Schwab #4346	(1,661)	(11,694)
	(1,600)	(29,176)

STATEMENT 16

McDonald Capital Investors

REALIZED GAINS AND LOSSES

Prospect Creek Foundation

From 01-01-09 Through 12-31-09

						Gain Or Loss	
Open Date	**Close Date**	**Quantity**	**Security**	**Cost Basis**	**Proceeds**	**Short Term**	**Long Term**
04-20-04	04-29-09	1,200	Sealed Air Corp.	29,330.88	23,176.57		-6,154 31
09-15-05	04-29-09	100	Sealed Air Corp.	2,375 65	1,931 38		-444 27
08-09-07	04-29-09	600	Sealed Air Corp.	14,699.32	11,588.28		-3,111.04
09-15-05	07-29-09	150	Sealed Air Corp.	3,563 48	3,013 70		-549 78
09-15-05	08-04-09	500	Sealed Air Corp	11,878 27	9,470 80		-2,407 47
08-07-09	08-07-09	1	FRE Litigation Settlement	14 27	14.27	0 00	
02-23-04	08-12-09	250	Sealed Air Corp.	5,895 62	4,709.87		-1,185.75
09-15-05	08-12-09	50	Sealed Air Corp.	1,187.83	941.98		-245.85
02-23-04	08-13-09	300	Sealed Air Corp.	7,074.75	5,676.84		-1,397.91
10-24-00	09-09-09	1	CAH Litigation Settlement	9,435.28	9,435.28		0.00
02-23-04	09-15-09	650	Sealed Air Corp	15,328.62	13,342.73		-1,985 89
TOTAL GAINS						0 00	0 00
TOTAL LOSSES						0 00	-17,482.29
				100,783.99	83,301.70	0.00	-17,482.29

TOTAL REALIZED GAIN/LOSS -17,482.29

Statement 16-1

charles SCHWAB
INSTITUTIONAL

Schwab One® Account of
PROSPECT CREEK FOUNDATION

Account Number
7627-5313

Report Period
January 1 - December 31, 2009

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss)

Accounting Method
Mutual Funds: Average
All Other Investments. First In First Out [FIFO]

Short-Term	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FIBERTOWER CORP: FTWR	46,415.0000	01/30/09	02/06/09	$6,790.81	6,730.18	60.63
Security Subtotal				$6,790.81		
Total Short-Term				$6,790.81		
Total Realized Gain or (Loss)				$6,790.81	6,730.18	60.63

Schwab has provided realized gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings See Terms and Conditions.

Option Customers: Realized gain/loss of underlying securities is adjusted to reflect the premiums of assigned or exercised options. Please consult IRS publication 550, Investment Income and Expenses, for additional information on Options.

Endnotes For Your Account

Symbol	Endnote Legend
h	Value includes incomplete cost basis.

Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this report.

Statement 16-2

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED FARM CR BK 0%09NOTES DUE 03/30/09: 313313DS4	200,000.0000	02/04/09	03/17/09	$199,989.17	$199,925 00	$64.17
Security Subtotal				**$199,989.17**	**$199,925.00**	**$64.17**
FED FARM CR BK 1.2XXX** CALLED **DUE 04/29/11@ PAR EFF 11· 31331GE62	125,000.0000	08/04/09	11/03/09	$125,000.00	$124,781 25	$218.75
Security Subtotal				**$125,000.00**	**$124,781.25**	**$218.75**
FED FARM CR BK 3.9XXX** CALLED **DUE 10/14/10@ PAR EFF 01: 31331GDD8	200,000.0000	10/03/08	01/14/09	$200,000.00	$200,000.00	$0.00
Security Subtotal				**$200,000.00**	**$200,000.00**	**$0.00**
FED FARM CR BK 2.35XXX** CALLED **DUE 06/15/10@ PAR EFF 06: 31331GHB8	150,000.0000	02/05/09	06/15/09	$150,000.00	$150,646.88	($646.88)
FED FARM CR BK 2.35XXX** CALLED **DUE 06/15/10@ PAR EFF 06: 31331GHB8	50,000.0000	02/23/09	06/15/09	$50,000.00	$50,191.30	($191.30)
Security Subtotal				**$200,000.00**	**$200,838.18**	**($838.18)**
FED FARM CR BK 2.84XXX** CALLED **DUE 12/09/10@ PAR EFF 03: 31331GGD5	150,000.0000	12/03/08	03/09/09	$150,000.00	$150,000.00	$0.00
Security Subtotal				**$150,000.00**	**$150,000.00**	**$0.00**

Statement 16-3

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED FARM CR BK 3.09XXX** CALLED **DUE 07/02/09@ PAR EFF 01: 31331Y2K5	250,000.0000	06/25/08	01/02/09	$250,000.00	$250,000.00	$0.00
Security Subtotal				**$250,000.00**	**$250,000.00**	**$0.00**
FED FARM CR BK 3.95XXX** CALLED **DUE 11/04/10@ PAR EFF 02: 31331GDU0	150,000.0000	10/30/08	02/04/09	$150,000.00	$150,000.00	$0.00
Security Subtotal				**$150,000.00**	**$150,000.00**	**$0.00**
FED FARM CR BK 1.625XXX** CALLED **DUE 03/23/10@ PAR EFF 03: 31331GHM4	100,000.0000	12/17/08	03/23/09	$100,000.00	$100,010.00	($10.00)
Security Subtotal				**$100,000.00**	**$100,010.00**	**($10.00)**
FED HM LN MTG 0%09DISC NOTES DUE 02/03/09. 313397BK6	100,000.0000	12/17/08	01/27/09	$99,997.67	$99,986.94	$10.73
Security Subtotal				**$99,997.67**	**$99,986.94**	**$10.73**
FED HM LN MTG 1.1XXX** CALLED **DUE 02/26/10@ PAR EFF 05: 3128X8GM8	100,000.0000	01/29/09	05/04/09	$100,000.00	$100,000.00	$0.00
Security Subtotal				**$100,000.00**	**$100,000.00**	**$0.00**
FED HM LN MTG 1.5XXX** CALLED **DUE 08/04/10@ PAR EFF 05: 3128X8GQ9	100,000 0000	01/26/09	05/04/09	$100,000.00	$100,000.00	$0.00
Security Subtotal				**$100,000.00**	**$100,000.00**	**$0.00**

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Statement 16-4

2009 Year-End Schwab Gain/Loss Report

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Realized Gain or (Loss) (continued)

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED HM LN MTG 1.5XXX** CALLED **DUE 08/17/11@ PAR EFF 11: 3128X86D9	125,000.0000	07/30/09	11/17/09	$125,000.00	$124,781.25	$218.75
Security Subtotal				**$125,000.00**	**$124,781.25**	**$218.75**
FED HM LN MTG 1.15XXX** CALLED **DUE 01/07/11@ PAR EFF 10: 3128X8UW0	100,000 0000	05/06/09	10/07/09	$100,000.00	$99,900.00	$100.00
Security Subtotal				**$100,000.00**	**$99,900.00**	**$100.00**
FED HM LN MTG 1.25XXX** CALLED **DUE 12/30/10@ PAR EFF 09: 3128X82F8	100,000.0000	06/25/09	09/30/09	$100,000.00	$100,000.00	$0.00
Security Subtotal				**$100,000.00**	**$100,000.00**	**$0.00**
FED HM LN MTG 2.75XXX** CALLED **DUE 06/30/11@ PAR EFF 03: 3128X8BN1	150,000.0000	02/04/09	03/30/09	$150,000.00	$150,352.50	($352.50)
Security Subtotal				**$150,000.00**	**$150,352.50**	**($352.50)**
FED HM LN MTG 1.375XXX** CALLED **DUE 10/27/10@ PAR EFF 07: 3128X8XK3	150,000.0000	04/29/09	07/27/09	$150,000.00	$150,075.00	($75.00)
Security Subtotal				**$150,000.00**	**$150,075.00**	**($75.00)**
FED HOME LN BK 0%09NOTES DUE 02/04/09: 313385BL9	100,000.0000	01/05/09	01/30/09	$99,998.33	$99,991.67	$6.66
Security Subtotal				**$99,998.33**	**$99,991.67**	**$6.66**

Statement 16-5

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED HOME LN BK 0%09NOTES DUE 02/06/09: 313385BN5	100,000.0000	01/15/09	01/28/09	$99,997.78	$99,990.84	$6.94
Security Subtotal				**$99,997.78**	**$99,990.84**	**$6.94**
FED HOME LN BK 0%09NOTES DUE 12/16/09: 313385QP4	200,000.0000	11/19/09	12/08/09	$199,996.67	$199,994 00	$2.67
Security Subtotal				**$199,996.67**	**$199,994.00**	**$2.67**
FED HOME LN BK 1XXX** CALLED **DUE 01/13/11@ PAR EFF 10: 3133XU4H3	125,000.0000	07/06/09	10/13/09	$125,000.00	$125,000.00	$0.00
Security Subtotal				**$125,000.00**	**$125,000.00**	**$0.00**
FED HOME LN BK 1XXX** CALLED **DUE 02/10/11@ PAR EFF 11: 3133XUG49	125,000.0000	07/24/09	11/10/09	$125,000.00	$125,000.00	$0.00
Security Subtotal				**$125,000.00**	**$125,000.00**	**$0.00**
FED HOME LN BK 1XXX** CALLED **DUE 05/24/11@ PAR EFF 12: 3133XVNR8	100,000.0000	11/02/09	12/24/09	$100,000.00	$99,995.00	$5.00
Security Subtotal				**$100,000.00**	**$99,995.00**	**$5.00**
FED HOME LN BK 0.5XXX** CALLED **DUE 05/20/10@ PAR EFF 11: 3133XTMU7	100,000.0000	05/05/09	11/20/09	$100,000.00	$100,000.00	$0.00
Security Subtotal				**$100,000.00**	**$100,000.00**	**$0.00**

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Statement 16-6

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED HOME LN BK 1.5XXX** CALLED **DUE 09/16/11@ PAR EFF 12. 3133XURC9	125,000.0000	10/19/09	12/16/09	$125,000.00	$125,000.00	$0.00
Security Subtotal				**$125,000.00**	**$125,000.00**	**$0.00**
FED HOME LN BK 1.5XXX** CALLED **DUE 10/27/11@ PAR EFF 11: 3133XVC90	125,000.0000	10/06/09	11/27/09	$125,000.00	$125,000.00	$0.00
Security Subtotal				**$125,000.00**	**$125,000.00**	**$0.00**
FED HOME LN BK 1.9XXX** CALLED **DUE 03/02/11@ PAR EFF 06: 3133XT3W4	150,000.0000	02/10/09	06/02/09	$150,000.00	$150,000.00	$0.00
Security Subtotal				**$150,000.00**	**$150,000.00**	**$0.00**
FED HOME LN BK 2.7XXX** CALLED **DUE 01/07/11@ PAR EFF 07: 3133XSQG6	100,000.0000	12/30/08	07/07/09	$100,000.00	$100,425.00	($425.00)
Security Subtotal				**$100,000.00**	**$100,425.00**	**($425.00)**
FED HOME LN BK 2.8XXX** CALLED **DUE 09/24/09@ PAR EFF 03: 3133XSA73	200,000.0000	09/11/08	03/24/09	$200,000.00	$199,980.00	$20.00
Security Subtotal				**$200,000.00**	**$199,980.00**	**$20.00**
FED HOME LN BK 3.5XXX** CALLED **DUE 02/05/10@ PAR EFF 02: 3133XPER1	150,000.0000	09/22/08	02/05/09	$150,000.00	$149,906.25	$93.75
Security Subtotal				**$150,000.00**	**$149,906.25**	**$93.75**

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Statement 16-7

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED HOME LN BK 4.2XXX** CALLED **DUE 07/21/11@ PAR EFF 07: 3133XRRL6	200,000.0000	09/19/08	07/21/09	$200,000.00	$201,000.00	($1,000.00)
Security Subtotal				**$200,000.00**	**$201,000.00**	**($1,000.00)**
FED HOME LN BK 1 06%10NOTES DUE 07/13/10: 3133XTHR0	150,000.0000	04/08/09	12/03/09	$150,772.50	$150,000.00	$772.50
Security Subtotal				**$150,772.50**	**$150,000.00**	**$772.50**
FED HOME LN BK 2.43XXX** CALLED **DUE 04/14/09@ PAR EFF 01. 3133XQNF5	150,000.0000	12/03/08	01/14/09	$150,000.00	$150,257.81	($257.81)
Security Subtotal				**$150,000.00**	**$150,257.81**	**($257.81)**
FED HOME LN BK FLT 2010NOTES DUE 10/08/10: 3133XTGP5	100,000.0000	04/07/09	12/09/09	$100,037.70	$99,995.00	$42.70
Security Subtotal				**$100,037.70**	**$99,995.00**	**$42.70**
FED NATL MTG 0%09 DUE 04/13/09: 313589EG4	100,000.0000	03/27/09	04/08/09	$99,997.78	$99,997.67	$0.11
Security Subtotal				**$99,997.78**	**$99,997.67**	**$0.11**
FED NATL MTG 2XXX** CALLED **DUE 02/18/11@ PAR EFF 05: 3136F96X6	150,000.0000	02/06/09	05/18/09	$150,000.00	$149,850.00	$150.00
Security Subtotal				**$150,000.00**	**$149,850.00**	**$150.00**

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Statement 16-8

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED NATL MTG 3XXX** CALLED **DUE 04/01/11@ PAR EFF 04: 31398APM8	100,000.0000	01/26/09	04/01/09	$100,000.00	$100,380.00	($380.00)
Security Subtotal				**$100,000.00**	**$100,380.00**	**($380.00)**
FED NATL MTG 3.375XXX** CALLED **DUE 10/21/11@ PAR EFF 04: 3136F9JW4	150,000.0000	02/05/09	04/21/09	$150,000.00	$150,736.50	($736.50)
Security Subtotal				**$150,000.00**	**$150,736.50**	**($736.50)**
US TREAS BIL 04/29/09UST BILL DUE 04/29/09: 912795T92	100,000.0000	03/12/09	04/21/09	$99,998.67	$99,985.33	$13.34
Security Subtotal				**$99,998.67**	**$99,985.33**	**$13.34**
US TREAS BIL 07/16/09UST BILL DUE 07/16/09: 912795N23	100,000.0000	05/18/09	07/14/09	$99,999.33	$99,977.06	$22.27
US TREAS BIL 07/16/09UST BILL DUE 07/16/09: 912795N23	100,000.0000	05/18/09	07/15/09	$99,999.65	$99,977.05	$22.60
Security Subtotal				**$199,998.98**	**$199,954.11**	**$44.87**
US TREAS BILL 05/14/09U S T BILL DUE 05/14/09: 912795L82	50.000.0000	03/19/09	05/07/09	$49,999.17	$49,986.39	$12.78
Security Subtotal				**$49,999.17**	**$49,986.39**	**$12.78**
US TREAS BILL 07/30/09U S T BILL DUE 07/30/09: 912795Q95	100,000.0000	06/05/09	07/24/09	$99,998.83	$99,978.61	$20.22

Statement 16-9

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
US TREAS BILL 07/30/09U S T BILL DUE 07/30/09: 912795Q95	100,000.0000	06/05/09	07/28/09	$99,999.67	$99,978.61	$21.06
US TREAS BILL 07/30/09U S T BILL DUE 07/30/09: 912795Q95	100,000.0000	06/18/09	07/28/09	$99,999.65	$99,983.49	$16.16
Security Subtotal				**$299,998.15**	**$299,940.71**	**$57.44**
US TREAS BILL 08/06/09U S T BILL DUE 08/06/09: 912795N56	100,000.0000	07/09/09	07/30/09	$99,998.33	$99,989.12	$9.21
US TREAS BILL 08/06/09U S T BILL DUE 08/06/09: 912795N56	100,000.0000	07/09/09	07/30/09	$99,998.33	$99,989.13	$9.20
Security Subtotal				**$199,996.66**	**$199,978.25**	**$18.41**
US TREAS BILL 08/13/09U S T BILL DUE 08/13/09: 912795N64	100,000.0000	06/15/09	07/30/09	$99,995.67	$99,978.25	$17.42
US TREAS BILL 08/13/09U S T BILL DUE 08/13/09: 912795N64	100,000.0000	06/16/09	08/04/09	$99,997.11	$99,979.42	$17.69
Security Subtotal				**$199,992.78**	**$199,957.67**	**$35.11**
US TREAS BILL 09/10/09U S T BILL DUE 09/10/09: 912795P21	100,000.0000	08/13/09	09/04/09	$99,998.83	$99,992.22	$6.61
Security Subtotal				**$99,998.83**	**$99,992.22**	**$6.61**

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Statement 16-10

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
US TREAS BILL 09/17/09U S T BILL DUE 09/17/09: 912795P39	100,000.0000	07/23/09	09/09/09	$99,998.45	$99,976 32	$22.13
US TREAS BILL 09/17/09U S T BILL DUE 09/17/09· 912795P39	100,000.0000	08/20/09	09/09/09	$99,998.44	$99,992.21	$6.23
Security Subtotal				**$199,996.89**	**$199,968.53**	**$28.36**
US TREAS BILL 09/24/09U S T BILL DUE 09/24/09: 912795S36	100,000.0000	07/27/09	09/22/09	$99,999.67	$99,972 61	$27.06
Security Subtotal				**$99,999.67**	**$99,972.61**	**$27.06**
US TREAS BILL 10/29/09U S T BILL DUE 10/29/09: 912795P96	300,000.0000	09/03/09	10/22/09	$299,997.75	$299,950.53	$47.22
Security Subtotal				**$299,997.75**	**$299,950.53**	**$47.22**
US TREAS BILL 11/12/09U S T BILL DUE 11/12/09: 912795Q38	50,000.0000	10/14/09	11/02/09	$49,999.80	$49,998.06	$1.74
US TREAS BILL 11/12/09U S T BILL DUE 11/12/09: 912795Q38	50,000.0000	10/14/09	11/06/09	$49,999.58	$49,998.05	$1.53
Security Subtotal				**$99,999.38**	**$99,996.11**	**$3.27**
US TREAS BILL 11/19/09UST BILL DUE 11/19/09: 912795S51	100,000.0000	10/26/09	10/29/09	$99,999.45	$99,998.34	$1.11
Security Subtotal				**$99,999.45**	**$99,998.34**	**$1.11**

Statement 16-11

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
US TREAS BILL 12/10/09U S T BILL DUE 12/10/09· 912795R37	100,000.0000	10/01/09	12/08/09	$99,999.72	$99,994.25	$5.47
US TREAS BILL 12/10/09U S T BILL DUE 12/10/09· 912795R37	300,000 0000	10/05/09	12/08/09	$299,999.17	$299,981.04	$18.13
Security Subtotal				**$399,998.89**	**$399,975.29**	**$23.60**
US TREAS BILL 12/17/09U S T BILL DUE 12/17/09: 912795S69	300,000 0000	10/15/09	12/08/09	$299,996.25	$299,968.48	$27.77
US TREAS BILL 12/17/09U S T BILL DUE 12/17/09: 912795S69	100,000.0000	12/04/09	12/08/09	$99,998.75	$99,998.45	$0.30
US TREAS BILL 12/17/09U S T BILL DUE 12/17/09 912795S69	200,000.0000	12/04/09	12/08/09	$199,997.50	$199,997.04	$0.46
Security Subtotal				**$599,992.50**	**$599,963.97**	**$28.53**
US TREAS NOTE .875%12/10UST NOTE DUE 12/31/10. 912828JV3	125,000.0000	06/10/09	12/03/09	$125,722.66	$124,609.38	$1,113.28
Security Subtotal				**$125,722.66**	**$124,609.38**	**$1,113.28**
US TREAS NT 1.25%10UST NOTE DUE 11/30/10. 912828JS0	125,000.0000	06/10/09	12/03/09	$126,132.81	$125,390.63	$742 18
Security Subtotal				**$126,132.81**	**$125,390.63**	**$742.18**

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SIPC

Statement 16-12

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Short-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
US TREAS NT 3.25%12XXX**MATURED** DUE 12/31/09 912828HL7	125,000.0000	07/21/09	12/31/09	$125,000.00	$126,640.63	($1,640.63)
Security Subtotal				**$125,000.00**	**$126,640.63**	**($1,640.63)**
UST INFL IDX 4.25%01/10INFL INDEX DUE 01/15/10 9128275W8	100,000.0000	07/13/09	11/18/09	$129,236.35	$129,097.87	$138.48
Security Subtotal				**$129,236.35**	**$129,097.87**	**$138.48**
Total Short-Term				**$8,556,847.19**	**$8,558,508.43**	**($1,661.24)**

Long-Term	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED FARM CR BK 5XXX**MATURED** DUE 10/23/09· 31331XBQ4	200,000.0000	09/24/08	10/23/09	$200,000.00	$203,822.00	($3,822.00)
Security Subtotal				**$200,000.00**	**$203,822.00**	**($3,822.00)**

Statement 16-13

2009 Year-End Schwab Gain/Loss Report

Realized Gain or (Loss) (continued)

Accounting Method
Mutual Funds: Average
All Other Investments: First In First Out [FIFO]

Long-Term (continued)	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED FARM CR BK 6.45XXX**MATURED** DUE 10/07/09. 31331RHG3	200,000.0000	08/25/08	10/07/09	$200,000.00	$207,872.00	($7,872.00)
Security Subtotal				$200,000.00	$207,872.00	($7,872.00)
Total Long-Term				$400,000.00	$411,694.00	($11,694.00)
Total Realized Gain or (Loss)				$8,956,847.19	$8,970,202.43	($13,355.24)

Schwab has provided realized gain and loss information wherever possible for most investments Cost basis data may be incomplete or unavailable for some of your holdings. See Terms and Conditions.
Option Customers: Realized gain/loss of underlying securities is adjusted to reflect the premiums of assigned or exercised options. Please consult IRS publication 550, Investment Income and Expenses, for additional Information on Options.

G000026090811

Statement 16-14

PROSPECT CREEK FOUNDATION
41-1736420
2009 FORM-PF

PARTNERSHIP	ORDINARY INCOME(LOSS)	RENTAL INCOME(LOSS)	INTEREST	DIVIDENDS	OTHER INCOME	PORTFOLIO DEDUCTIONS	INTEREST EXPENSE	TOTALS
BAUPOST VALUE LP - I	(3,563)	(12,591)	158,867	9,385	541,097	(47,557)	(4,460)	641,178
FARALLON CAPITAL PARTERNS, L P	(2,392)	(291)	819	1	12	(87)		(1,938)
HCP WPPE X INVESTORS, LLC	-	-	4,601	8,966	1,601	(45,205)	-	(30,037)
PRIME FINANCE	-	-	-	62,620	-	-	-	62,620
PRIME-SCRC LP	-	1,291	65	8	7	(9)	(8)	1,354
VALUEACT CAPITAL PARTNERS II, L P	(9)	-	88	22,667	6,536	(11,579)	(57)	17,646
SPO PARTNERS II, L P	(349,895)	(330)	97,162	38,854	356,643	(79,005)	(7,884)	55,545
FCOI II - WATERSHED CAPITAL PARTNERS					2,839			2,839
FCOI II - FLATIRON RE					9,520			9,520
FCOI II - COMPUTERSHARE TRUST CO OF CANADA					1,332			1,332
FCOI II - FCOI II INVESTMENTS, LTD					559			559
FCOI II - LEBLON EQUITIES PARTNERS FUND LTD					2,724			2,724
FCOI II - LEBLON VALUE HEDGE FUND LTD					1,378			1,378
FCOI II - CRCM INSTITUTIONAL FUND (BVI), LTD					1,142			1,142
MARATHON FUND LIMITED PARTNERSHIP	-	-	5	-	-	(580)		(575)
TOTALS FROM PARTNERSHIPS	(355,859)	(11,921)	261,607	142,501	925,390	(184,022)	(12,409)	765,298

STATEMENT 17

Prospect Creek Foundation
Asset Summary - Cost & FMV
at 12/31/2009

	LOWRY HILL	SCHWAB #4346	SCHWAB #5313	McDONALD CAPITAL	CHKING	PRTNRSHPS	RECEIVABLE NAPA VALLEY	TOTALS
AT COST - 2008								
Cash					38,400			38,400
Money Market	37,617	254,941	22,110	21,610				336,278
Equities				1,451,413				1,451,413
Corporate Bonds				57,340				57,340
Government Securities		2,607,839						2,607,839
Other						30,746,742		30,746,742
	37,617	2,862,780	22,110	1,530,363	38,400	30,746,742	-	35,238,012
AT COST - 2009								
Cash					182,441			182,441
Money Market	37,820	693,845	73,947	120,060				925,672
Equities				1,365,063				1,365,063
Corporate Bonds				57,340				57,340
Government Securities		3,695,351						3,695,351
Other						34,238,649		34,238,649
	37,820	4,389,197	73,947	1,542,463	182,441	34,238,649	-	40,464,517
AT FMV - 2009								
Cash					182,441			182,441
Money Market	37,820	693,845	73,947	120,060				925,672
Equities				1,627,011				1,627,011
Corporate Bonds				76,541				76,541
Government Securities		3,692,784						3,692,784
Other						33,613,204		33,613,204
	37,820	4,386,630	73,947	1,823,612	182,441	33,613,204	-	40,117,654

Form **8868**
(Rev. April 2009)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ ☐
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ ☒

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit *www.irs gov/efile* and click on *e-file for Charities & Nonprofits*

Type or print

File by the due date for filing your return See instructions

Name of Exempt Organization: PROSPECT CREEK FOUNDATION

Employer identification number: 41-1736420

Number, street, and room or suite no If a P.O box, see instructions.: 4900 IDS CENTER 80 SOUTH 8TH STREET

City, town or post office, state, and ZIP code. For a foreign address, see instructions: MINNEAPOLIS, MN 55402

Check type of return to be filed(file a separate application for each return):

☐ Form 990	☒ Form 990-T (corporation)	☐ Form 4720
☐ Form 990-BL	☐ Form 990-T (sec 401(a) or 408(a) trust)	☐ Form 5227
☐ Form 990-EZ	☐ Form 990-T (trust other than above)	☐ Form 6069
☐ Form 990-PF	☐ Form 1041-A	☐ Form 8870

- The books are in the care of ▶ JULIE PIRAS 4900 IDS CENTER - MINNEAPOLIS, MN 55402

Telephone No ▶ 612-672-9603 FAX No ▶

- If the organization does not have an office or place of business in the United States, check this box ▶ ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______. If this is for the whole group, check this box ▶ ☐. If it is for part of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until NOVEMBER 15, 2010, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ ☒ calendar year 2009 or

▶ ☐ tax year beginning ______, and ending ______.

2 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	$ 0.
b	If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit	3b	$ 0.
c	**Balance Due.** Subtract line 3b from line 3a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	3c	$ 0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA **For Privacy Act and Paperwork Reduction Act Notice, see Instructions.**

Form **8868** (Rev. 4-2009)

923831
05-26-09

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box ▶ ☒

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Type or print

File by the extended due date for filing the return See instructions

Name of Exempt Organization: PROSPECT CREEK FOUNDATION

Employer identification number: 41-1736420

Number, street, and room or suite no. If a P.O. box, see instructions.: 4900 IDS CENTER 80 SOUTH 8TH STREET

For IRS use only

City, town or post office, state, and ZIP code. For a foreign address, see instructions.: MINNEAPOLIS, MN 55402

Check type of return to be filed (File a separate application for each return):

☐ Form 990 ☐ Form 990-EZ ☐ Form 990-T (sec. 401(a) or 408(a) trust) ☐ Form 1041-A ☐ Form 5227 ☐ Form 8870

☐ Form 990-BL ☒ Form 990-PF ☐ Form 990-T (trust other than above) ☐ Form 4720 ☐ Form 6069

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of ▶ JULIE PIRAS 4900 IDS CENTER - MINNEAPOLIS, MN 55402

Telephone No. ▶ 612-672-9603 FAX No. ▶

- If the organization does not have an office or place of business in the United States, check this box ▶ ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______ . If this is for the whole group, check this box ▶ ☐ If it is for part of the group, check this box ▶ ☐ and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until NOVEMBER 15, 2010.

5 For calendar year 2009 , or other tax year beginning ______ , and ending ______ .

6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

7 State in detail why you need the extension

ADDITIONAL TIME IS NEEDED TO GATHER INFORMATION IN ORDER TO FILE A COMPLETE AND ACCURATE TAX RETURN.

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	$ 6,517.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b	$ 28,200.
c	**Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	$ 0.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ Title ▶ Date ▶

Form **8868** (Rev. 4-2009)

923832
05-26-09