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# Return of Private Foundation

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

### Treated as a Private Foundation

2010

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 2010, or tax year beginning MAR 1, 2010, and ending FEB 28, 2011

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

Name of foundation <b>THE BONHAM TRUST</b>		A Employer identification number <b>52-6171509</b>
Number and street (or P.O. box number if mail is not delivered to street address) <b>P.O. BOX 1210</b>	Room/suite	B Telephone number <b>(605) 229-7119</b>
City or town, state, and ZIP code <b>ABERDEEN, SD 57402-1210</b>		C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ <b>368,733.</b>	J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

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)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B					
3 Interest on savings and temporary cash investments		965.	965.		STATEMENT 1
4 Dividends and interest from securities		3,610.	3,610.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		918.			
b Gross sales price for all assets on line 6a		562,263.			
7 Capital gain net income (from Part IV, line 2)			918.		
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		5,493.	5,493.		
13 Compensation of officers, directors, trustees, etc.		2,482.	1,861.		621.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 3		1,590.	795.		795.
c Other professional fees					
17 Interest					
18 Taxes STMT 4		2,174.	49.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 5		4.	0.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		6,250.	2,705.		1,416.
25 Contributions, gifts, grants paid		16,500.			16,500.
26 Total expenses and disbursements. Add lines 24 and 25		22,750.	2,705.		17,916.
27 Subtract line 26 from line 12		<17,257.>			
a Excess of revenue over expenses and disbursements			2,788.		
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)				N/A	

**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
<b>Assets</b>	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	371,111.	172,630.	172,782.
	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			
	c Investments - corporate bonds STMT 6	0.	50,579.	50,907.
<b>Liabilities</b>	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 7	0.	130,645.	145,044.
	14 Land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers)	371,111.	353,854.	368,733.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
<b>Net Assets or Fund Balances</b>	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.		
<b>Net Assets or Fund Balances</b>	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>			
	24 Unrestricted and complete lines 24 through 26 and lines 30 and 31.			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds and complete lines 27 through 31.	128,130.	128,130.	
	28 Paid-in or capital surplus, or land, bldg, and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	242,981.	225,724.	
30 Total net assets or fund balances	371,111.	353,854.		
31 Total liabilities and net assets/fund balances	371,111.	353,854.		

**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	371,111.
2 Enter amount from Part I, line 27a	2	<17,257.>
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	353,854.
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	353,854.

**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.)
<b>1a PUBLICLY TRADED SECURITIES</b>	<b>P</b>		
<b>b CAPITAL GAINS DIVIDENDS</b>			
<b>c</b>			
<b>d</b>			
<b>e</b>			

(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)
<b>a</b> 561,894.		561,345.	549.
<b>b</b> 369.			369.
<b>c</b>			
<b>d</b>			
<b>e</b>			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
<b>a</b>			549.
<b>b</b>			369.
<b>c</b>			
<b>d</b>			
<b>e</b>			

<b>2</b> Capital gain net income or (net capital loss) <span style="font-size: 2em; vertical-align: middle;">{</span> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 <span style="font-size: 2em; vertical-align: middle;">}</span>	<b>2</b>	918.
<b>3</b> 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 <span style="font-size: 2em; vertical-align: middle;">}</span>	<b>3</b>	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))
2009	17,377.	350,602.	.049563
2008	19,764.	382,541.	.051665
2007	20,925.	445,743.	.046944
2006	21,965.	429,297.	.051165
2005	35,041.	444,046.	.078913

<b>2</b> Total of line 1, column (d)	<b>2</b>	.278250
<b>3</b> 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	<b>3</b>	.055650
<b>4</b> Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	<b>4</b>	359,741.
<b>5</b> Multiply line 4 by line 3	<b>5</b>	20,020.
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)	<b>6</b>	28.
<b>7</b> Add lines 5 and 6	<b>7</b>	20,048.
<b>8</b> Enter qualifying distributions from Part XII, line 4	<b>8</b>	17,916.

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 <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary-see instructions)	1	56.
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)	2	0.
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	3	56.
3	Add lines 1 and 2	4	0.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	5	56.
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-		
6	<b>Credits/Payments</b>		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	1,240.
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	1,240.
8	Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>	9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>	10	1,184.
11	Enter the amount of line 10 to be <b>Credited to 2011 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>	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 <input type="checkbox"/> \$ 0. (2) On foundation managers <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ 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) <input type="checkbox"/> <b>SD</b>		
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 2010 or the taxable year beginning in 2010 (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

**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 ► <u>HTTP://BRITTON.K12.SD.US/SENIORS1.HTM</u>	13	X	
14	The books are in care of ► <u>DACOTAH BANK TRUST - CASSIE BACKMAN</u> Telephone no ► <u>605-229-7119</u> Located at ► <u>PO BOX 1210, ABERDEEN, SD</u> ZIP+4 ► <u>57402-1210</u>			
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	
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ►	16	Yes	No
				X

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	1b	X
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 2010?	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? If "Yes," list the years ►	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If "Yes," did it have excess business holdings in 2010 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 2010.)	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 2010?	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)?

Organizations relying on a current notice regarding disaster assistance check here

☐**5b****X****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**6b****X****b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

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
SEE STATEMENT 8		2,482.	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
<b>1</b> PROVIDED SCHOLARSHIPS TO STUDENTS MEETING PRESCRIBED CRITERIA.	0.
<b>2</b>	
<b>3</b>	
<b>4</b>	

**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
<b>1</b> N/A	
<b>2</b>	
<b>3</b> All other program-related investments See instructions	
<b>Total.</b> 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.)

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
<b>a</b>	Average monthly fair market value of securities	<b>1a</b>	164,811.
<b>b</b>	Average of monthly cash balances	<b>1b</b>	200,408.
<b>c</b>	Fair market value of all other assets	<b>1c</b>	
<b>d</b>	Total (add lines 1a, b, and c)	<b>1d</b>	365,219.
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1e</b>	0.
<b>2</b>	Acquisition indebtedness applicable to line 1 assets	<b>2</b>	0.
<b>3</b>	Subtract line 2 from line 1d	<b>3</b>	365,219.
<b>4</b>	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	<b>4</b>	5,478.
<b>5</b>	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	<b>5</b>	359,741.
<b>6</b>	Minimum investment return. Enter 5% of line 5	<b>6</b>	17,987.

**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.)

<b>1</b>	Minimum investment return from Part X, line 6	<b>1</b>	17,987.
<b>2a</b>	Tax on investment income for 2010 from Part VI, line 5	<b>2a</b>	56.
<b>b</b>	Income tax for 2010 (This does not include the tax from Part VI)	<b>2b</b>	
<b>c</b>	Add lines 2a and 2b	<b>2c</b>	56.
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1	<b>3</b>	17,931.
<b>4</b>	Recoveries of amounts treated as qualifying distributions	<b>4</b>	0.
<b>5</b>	Add lines 3 and 4	<b>5</b>	17,931.
<b>6</b>	Deduction from distributable amount (see instructions)	<b>6</b>	0.
<b>7</b>	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	<b>7</b>	17,931.

**Part XII Qualifying Distributions** (see instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
<b>a</b>	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	<b>1a</b>	17,916.
<b>b</b>	Program-related investments - total from Part IX-B	<b>1b</b>	0.
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the		
<b>a</b>	Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4</b>	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	17,916.
<b>5</b>	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	<b>5</b>	0.
<b>6</b>	Adjusted qualifying distributions. Subtract line 5 from line 4	<b>6</b>	17,916.

**Note.** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

**Part XIII** Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				17,931.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			16,134.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 17,916.				
a Applied to 2009, but not more than line 2a			16,134.	
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 2010 distributable amount	0.			1,782.
e Remaining amount distributed out of corpus	0.			0.
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:	0.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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 2009 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				16,149.
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 2005 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9.				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

**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 2010, 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)

- 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(i)(3)(B)(iii)

(3) Largest amount of support from an exempt organization

**(4) Gross investment income**

<b>Part XV</b>	<b>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.)</b>
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### 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**

SEE STATEMENT 9

**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

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

Recipient	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
Name and address (home or business)				
<b>a Paid during the year</b>				
SEE STATEMENT 10				
<b>Total</b>				<b>16,500.</b>
<b>b Approved for future payment</b>				
NONE				
<b>Total</b>				<b>0.</b>



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

- |          |  | Yes          | No |
|----------|--|--------------|----|
| <b>1</b> | 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?  |              |    |
| <b>a</b> | Transfers from the reporting foundation to a noncharitable exempt organization of.   |              |    |
|          | (1) Cash   | <b>1a(1)</b> | X  |
|          | (2) Other assets   | <b>1a(2)</b> | X  |
| <b>b</b> | Other transactions   |              |    |
|          | (1) Sales of assets to a noncharitable exempt organization   | <b>1b(1)</b> | X  |
|          | (2) Purchases of assets from a noncharitable exempt organization   | <b>1b(2)</b> | X  |
|          | (3) Rental of facilities, equipment, or other assets   | <b>1b(3)</b> | X  |
|          | (4) Reimbursement arrangements   | <b>1b(4)</b> | X  |
|          | (5) Loans or loan guarantees   | <b>1b(5)</b> | X  |
|          | (6) Performance of services or membership or fundraising solicitations   | <b>1b(6)</b> | X  |
| <b>c</b> | Sharing of facilities, equipment, mailing lists, other assets, or paid employees   | <b>1c</b>    | X  |
| <b>d</b> | 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

Date \_\_\_\_\_

**Title**

Print/Type-preparer's name

Preparer's signature

Date
------

Check <input type="checkbox"/> if self-employed	PTIN
--	------

**Paid  
Preparer  
Use Only**

MELISSA WHITE, CPA MELISSA WHITE, CP

04/12/11

Firm's name ► EIDE BAILLY LLP  
24 2ND AVE SW; P.O. BOX 430

Firm's EIN ▶

Firm's address ► **ABERDEEN, SD 57402-0430**

Phone no	605-225-8783
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**FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1**


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SOURCE	AMOUNT
TAXABLE INTEREST	965.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	965.

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**FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2**


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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CAPITAL GAINS DIVIDENDS	369.	369.	0.
DIVIDENDS	2,450.	0.	2,450.
TAXABLE INTEREST	1,160.	0.	1,160.
TOTAL TO FM 990-PF, PART I, LN 4	3,979.	369.	3,610.

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**FORM 990-PF ACCOUNTING FEES STATEMENT 3**


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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	1,590.	795.		795.
TO FORM 990-PF, PG 1, LN 16B	1,590.	795.		795.

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**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
PRIOR YEAR EXCISE TAX PAYMENTS	885.	0.		0.
EXCISE TAX EXTIMATED PAYMENTS	1,240.	0.		0.
FOREIGN TAX	49.	49.		0.
TO FORM 990-PF, PG 1, LN 18	2,174.	49.		0.

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FORM 990-PF	OTHER EXPENSES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
MISCELLANEOUS EXPENSES	4.	0.			0.
TO FORM 990-PF, PG 1, LN 23	4.	0.			0.

FORM 990-PF	CORPORATE BONDS		STATEMENT	6
DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE		
CITIGROUP, INC.	4,978.	5,296.		
CITIGROUP, INC. STEP UP	5,000.	4,816.		
MORGAN STANLEY, INC. STEP UP	10,000.	10,013.		
MORGAN STANLEY, INC. STEP UP	4,950.	4,992.		
WELLS FARGO & CO.	15,651.	15,922.		
FNMA STEP-UP	10,000.	9,868.		
TOTAL TO FORM 990-PF, PART II, LINE 10C	50,579.	50,907.		

FORM 990-PF	OTHER INVESTMENTS		STATEMENT	7
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE	
AMERICAN FUNDS AMCAP FUND - CLASS F	COST	8,038.	8,902.	
AMERICAN FUNDS AMERICAN MUTUAL FUND - CLASS F	COST	10,199.	11,225.	
AMERICAN FUNDS BALANCED FUND - CLASS F	COST	4,064.	4,521.	
AMERICAN FUNDS CAPITAL INCOME BUILDER - CLASS F	COST	4,653.	5,047.	
AMERICAN FUNDS CAPITAL WORLD GROWTH & INCOME FUND - CLASS F	COST	11,252.	12,625.	
AMERICAN FUNDS FUNDAMENTAL INVESTORS - CLASS F	COST	11,146.	12,861.	
AMERICAN FUNDS NEW PERSPECTIVE FUND - CLASS F	COST	11,124.	12,934.	
AMERICAN FUNDS SMALLCAP WORLD FUND - CLASS F	COST	9,147.	10,714.	
AMERICAN FUNDS THE GROWTH FUND OF AMERICA - CLASS F	COST	11,097.	12,680.	



## THE BONHAM TRUST

52-6171509

AMERICAN FUNDS THE INVESTMENT COMPANY OF AMERICA - CLASS F	COST	13,210.	14,816.
AMERICAN FUNDS THE NEW ECONOMY FUND - CLASS F	COST	3,021.	3,327.
AMERICAN FUNDS WASHINGTON MUTUAL INVESTORS FUND - CLASS F	COST	12,249.	13,926.
AMERICAN FUNDS THE BOND FUND OF AMERICA - CLASS F	COST	10,464.	10,632.
AMERICAN FUNDS US GOVERNMENT SECURITIES FUND - CLASS F	COST	10,981.	10,834.
TOTAL TO FORM 990-PF, PART II, LINE 13		130,645.	145,044.

FORM 990-PF      PART VIII - LIST OF OFFICERS, DIRECTORS      STATEMENT      8  
TRUSTEES AND FOUNDATION MANAGERS

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
DON KIRKEGAARD 759 5TH STREET BRITTON, SD 57430	DIRECTOR 1.00	0.	0.	0.
SHEILA ANDERSON 759 5TH STREET BRITTON, SD 57430	DIRECTOR 1.00	0.	0.	0.
JEANETTE REMILY 759 5TH STREET BRITTON, SD 57430	DIRECTOR 1.00	0.	0.	0.
ANDREA KILKER 759 5TH STREET BRITTON, SD 57430	DIRECTOR 1.00	0.	0.	0.
SHAD STORLEY 759 5TH STREET BRITTON, SD 57430	DIRECTOR 1.00	0.	0.	0.
DACOTAH BANK PO BOX 1210 ABERDEEN, SD 57402	TRUSTEE 1.00	2,482.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		2,482.	0.	0.

FORM 990-PF

GRANT APPLICATION SUBMISSION INFORMATION  
PART XV, LINES 2A THROUGH 2D

STATEMENT 9

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

SHEILA ANDERSON BRITTON-HECLA HIGH SCHOOL  
759 5TH STREET  
BRITTON, SD 57430

TELEPHONE NUMBER

605-448-2234

FORM AND CONTENT OF APPLICATIONS

AVAILABLE UPON REQUEST FROM BRITTON-HECLA HIGH SCHOOL OR ON THE SCHOOL'S WEBSITE.

ANY SUBMISSION DEADLINES

DEFINED EACH YEAR IN THE ANNUAL SCHOLARSHIP APPLICATION.

RESTRICTIONS AND LIMITATIONS ON AWARDS

THE RECIPIENT MUST BE A BRITTON, SD HIGH SCHOOL OR BRITTON-HECLA HIGH SCHOOL STUDENT WHO IS CURRENTLY IN A POSTSECONDARY PROGRAM OR IS A HIGH SCHOOL SENIOR ON TRACK FOR GRADUATION.

FORM 990-PF

GRANTS AND CONTRIBUTIONS  
PAID DURING THE YEAR

STATEMENT 10

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
DAKOTA STATE UNIVERSITY FINANCIAL AID - CARLSON 820 NORTH WASHINGTON MADISON, SD 57042	NONE COLLEGE SCHOLARSHIPS	N/A	500.
JAMESTOWN COLLEGE FINANCIAL AID - WEBER 6081 COLLEGE LANE JAMESTOWN, ND 58405	NONE COLLEGE SCHOLARSHIPS	N/A	500.
MINNESOTA STATE UNIVERSITY - MOORHEAD FINANCIAL AID - BECK 1104 7TH AVE S MOORHEAD, MN 56563	NONE COLLEGE SCHOLARSHIPS	N/A	1,500.
NSU FINANCIAL AID - WIETGREFE 1200 SOUTH JAY STREET ABERDEEN, SD 57401	NONE COLLEGE SCHOLARSHIPS	N/A	1,000.
SDSU FINANCIAL AID - PETERS/ROEHR/BAUS/LYNGAAS BOX 2201 BROOKINGS, SD 57007	NONE COLLEGE SCHOLARSHIPS	N/A	4,000.
ST. CLOUD STATE UNIVERSITY FINANCIAL AID - RENNER/HOLLAND 720 FOURTH AVE S SAINT CLOUD, MN 56301	NONE COLLEGE SCHOLARSHIPS	N/A	2,500.
NORTH DAKOTA STATE UNIVERSITY FINANCIAL AID - LAMIRANTE PO BOX 5454 FARGO, ND 58076	NONE COLLEGE SCHOLARSHIPS	N/A	500.
DAKOTA WESLEYAN UNIVERSITY FINANCIAL AID - HAGEN/BOHLANDER 1200 WEST UNIVERSITY AVE MITCHELL, SD 57301	NONE COLLEGE SCHOLARSHIPS	N/A	2,000.

THE BONHAM TRUST

52-6171509

MINNESOTA STATE COMMUNITY AND TECHNICAL COLLEGE FINANCIAL AID - KEOPPE - 1900 28TH S MOORHEAD, MN 56560	NONE COLLEGE SCHOLARSHIPS	N/A	<u>1,000.</u>
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AUGUSTANA COLLEGE FINANCIAL AID - HASTINGS 2001 SOUTH SUMMIT AVE SIOUX FALLS, SD 57197	NONE COLLEGE SCHOLARSHIPS	N/A	<u>1,500.</u>
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GUSTAVUS ADOLPHUS COLLEGE FINANCIAL AID - HAGEN 800 W COLLEGE AVE ST PETER, MN 56082	NONE COLLEGE SCHOLARSHIPS	N/A	<u>1,500.</u>
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TOTAL TO FORM 990-PF, PART XV, LINE 3A			<u><u>16,500.</u></u>
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See page 10 of 13 for the name change.

STATE OF SOUTH DAKOTA  
COUNTY OF MARSHALL

IN CIRCUIT COURT  
FIFTH JUDICIAL CIRCUIT

IN THE MATTER OF THE TESTAMENTARY TRUST OF  
JESSIE BONHAM, DECEASED, ESTABLISHED AS THE  
JESSIE BONHAM SCHOLARSHIP GRANT.

Civ. 76-0008

and

STATE OF SOUTH DAKOTA  
COUNTY OF MARSHALL

IN CIRCUIT COURT  
FIFTH JUDICIAL CIRCUIT

IN RE ARTHUR C. AND JESSIE BONHAM EDUCATIONAL  
LOAN FUND TRUST.

Civ. 78-0022

**ORDER TO TEMPORARILY RESUME COURT SUPERVISION  
AND COMBINE AND AMEND CHARITABLE TRUSTS  
UNDER *CY PRES* DOCTRINE**

A hearing having been held on December 13, 2004, pursuant to the order of the court, and proof of notice of such hearing appearing in the file, and the court having read the Petition to Temporarily Resume Court Supervision and Combine and Amend Charitable Trusts under *Cy Pres* Doctrine filed by Wells Fargo Bank, N.A., trustee, and Donald A. Kirkegaard, Superintendent of Britton-Hecla School District #45-4; and Petitioners having appeared by counsel, Dana J. Frohling, attorney for the trust and school, and no other appearances having been made in person or by counsel, and no objections having been filed in opposition to the Petition; and it appearing to the court that Wells Fargo is the duly qualified trustee of the above-captioned trusts; and it further appearing to the court as follows:

1. Two Trusts. The Bonham family created two trusts for the charitable purpose of assisting deserving Britton High School graduates obtain additional post-secondary education. One trust is an inter vivos trust established to make loans to students which must be repaid, and the other trust is a testamentary trust established to make scholarship grants to students which need not be repaid. These trusts are managed separately and have separate court files, but their operation is interrelated because of the terms of the trusts, as will be explained below.

2. Successor School. The Britton Independent School District merged with the Hecla-Houghton Independent School District in 2001, creating the current Britton-Hecla School District, which is the successor school to the Britton High School mentioned in the Bonham family trusts.

3. Successor Trustee. The initial trustee was First National Bank of Aberdeen, which was succeeded by First Northwestern Trust Co. of South Dakota, which was succeeded by Norwest Capital Management and Trust Company of South Dakota, which was succeeded by Norwest Bank South Dakota, N.A., which was succeeded by Wells Fargo Bank, N.A., the current acting trustee.

### Inter Vivos Loan Fund Trust History

4. Creation and Purpose of Trust. On March 4, 1968, Jessie Bonham, Trustor, and W. H. Ward and First National Bank of Aberdeen, Trustees, entered into an inter vivos Trust Agreement to provide educational loans to graduates of Britton High School to assist such students in furthering their education. The Trustor reserved the right to add additional principal to the trust. The trust was irrevocable. Loans were to be approved by a committee made up of the Britton High School Superintendent, Principal, Guidance Counselor, and Board of Education President, and the manager of the Britton branch of the First National Bank of Aberdeen. (First National Bank has gone through many name and ownership changes and mergers since 1968 and is now part of the Wells Fargo Bank system. After an absence of many years, there is now a local branch of the successor entity in Britton, but due to the many years when there was not a local branch of the trustee bank, the local manager has not been serving as a member of the loan committee.)

5. Essential Terms of Trust. The essential terms of the inter vivos loan fund trust, as quoted from the Trust Agreement, are as follows:

### ARTICLE III

Distribution of income and principal. I hereby direct that all of the property, which shall consist of property of all kinds whether real or personal and in whatever form that shall be by me or by others become a part of this Trust Estate, shall be held by the said Trustees and administered by them as follows:

1. The name of the Trust shall be the Arthur C. and Jessie Bonham Educational Fund.
2. The purpose of this Trust is to aid and assist needy, worthy graduates of the High School of the Britton Independent School District of Britton, South Dakota, to further their education after high school by loaning to said students money to assist them in carrying on their higher education. That no distinction shall be made as to loans from the said Trustees by reason of the student's race, color, creed or sex, and I direct that selection of these students shall be left up to a committee which shall be made up of the Superintendent of Schools of the Britton Independent School District, the Principal of the Britton High School, the school counselor of the Britton High School, the President of the Board of Education of the Britton Independent School District, and the Manager of the Britton Branch of the First National Bank of Aberdeen [now Wells Fargo Bank, N.A.].
3. Trust Fund. The property to constitute this Fund shall consist of all the property that is put in said Fund in the form of real property or personal property or cash or in any other way that it is so delivered to the said Trustees, together with any and all increases or additions that may be added thereto, including interest received, repayments on loans, or gifts that go to the Trustees under this Trust.
4. Use of the Trust Fund. The Trustees shall have the power and authority and are directed to loan from time to time for educational purposes as set forth herein, any amounts of income and principal of this Trust Fund as they in their discretion may

appoint, order and direct. The selection committee shall select the students that may make the said loans and the Trustees, together with the selection committee or any part of them, shall assist the students in their selection of schools for higher learning and in their pursuit of this higher learning. The Trustees may allow income of this Trust Fund to accumulate and become part of the principal from time to time, but it is my suggestion, though not absolutely directed, that it is preferable as far as practicable and reasonable that the income and all amounts repaid from the said Fund by the students each year, be loaned to other students. That the students borrowing from said Fund shall repay the said money to the Trust with interest as the Trustees shall direct and is reasonable after their graduation from college or institution of higher education. or in the event that they quit school, in such terms and on such conditions as the Trustees shall direct. Repaid funds shall again be loaned to other students as provided herein.

#### ARTICLE IV

My Trustees shall have the power and authority to do any act or anything reasonably necessary or advisable for the proper administration and distribution of the Trust. No power created under this Trust shall be exercised with respect to the said Arthur C. and Jessie Bonham Educational Fund that will in any way conflict with the regulations of the Internal Revenue Code as they apply to a charitable trust which it is my intention to be creating. In extension but not in limitation of any power, right, or discretion otherwise possessed by my Trustees, I grant to them without the necessity of notice to or approval of any Court or person, the following powers:

(emphasis added; list of trustee's powers omitted)

#### ARTICLE V

In the event that I shall leave a Last Will and Testament creating a testamentary trust or the provisions which are substantially the same as those for the Trust herein contained, then the Trustees in their discretion may merge and transfer this trust or trusts with the trust or trusts created by my last will and testament, thereafter to be held and administered as a part thereof.

The Trust has been accepted by the Trustees in the State of South Dakota, this Agreement has been executed and delivered in the State of South Dakota, and all questions of law arising under this Agreement shall be determined under and according to the laws of the state of South Dakota.

6. Court Supervision Requested. On June 9, 1978, First Northwestern Trust Co. of South Dakota, successor-in-interest to First National Bank of Aberdeen, petitioned the court to make the loan fund trust a court supervised trust. Such petition was granted by Order for Court Supervised Trust dated June 15, 1978. Attached to the Petition was a list of assets dated February 28, 1977, showing the total value of assets at \$42,450.14. (See Marshall County file Civ. 78-0022.)

7. Failure to Provide Annual Court Reports. After the loan fund trust became subject to court supervision, the annual reports required by SDCL 21-22-14 were not filed in the loan fund trust. The Trustee apparently relied upon language in Article IV of the Trust Agreement which granted powers to the Trustee

"without the necessity of notice to or approval of any Court or person[.]" However, SDCL 21-22-7 provides that the only method by which accountings may be waived is upon petition and order of the court dispensing with supervision. This was not done. However, financial reports were provided to the Britton School personnel responsible for making loan decisions on at least an annual basis.

8. Court Supervision Dispensed With. On February 16, 1999, Norwest Bank South Dakota, N.A., successor-in-interest to First National Bank of Aberdeen, acting as trustee, petitioned the court to dispense with court supervision. Such petition was granted by Order Dispensing With Court Supervision dated February 25, 1999.

9. Current Status. As of October 31, 2004, the inter vivos loan fund trust had a balance of \$293,966.28, which includes outstanding loan receivables in the sum of \$17,050.79.

#### Testamentary Scholarship Grant Trust History

10. Creation and Purpose. Jessie Bonham died testate on February 13, 1974. Her estate was probated in Marshall County (Pro. #2373). Article XX of Mrs. Bonham's Will dated June 2, 1973, provided that the residue of the estate would be used to fund the Jessie Bonham Scholarship Grant Trust, the income (not principal) of which would provide scholarships to graduates of Britton High School. Selection of the scholarship recipients was to be made by all the teachers of Britton High School. Two \$500 scholarships were authorized per year. Any income remaining after payment of the scholarship grants in any given year was added to the inter vivos loan fund trust. A Final Decree of Distribution dated September 25, 1975, distributed the residue to First National Bank of Aberdeen as Trustee of the Jessie Bonham Scholarship Grant Trust.

11. Essential Terms of Trust. The essential terms of the testamentary scholarship grant trust, as quoted from Mrs. Bonham's Will, are as follows:

#### ARTICLE XX

I hereby direct that all of the balance of the property of which I may die seized shall be sold on such notice as the Executor shall determine and without consent of the Court, and converted to cash as soon after my passing as conveniently may be by my Executor without any loss or great sacrifice in the disposition of said property, and the proceeds of the property or the property itself, if it is not sold, shall be included herein, as well as any and all property of every kind and description, and I hereby give, devise and bequeath the same to my Trustee hereafter named, to be administered as follows:

1. The name of the Trust shall be the Jessie Bonham Scholarship Grant.
2. The purpose of this Trust is to assist worthy graduates of the high school of the Britton Independent School District of Britton, South Dakota, who are good American citizens, to further their education after high school by giving scholarships to said students to assist them in carrying out their higher education. That no distinction shall be made as to the scholarships from the said Trust by reason of the student's race,



color, creed or sex, and I direct that the selection of these students shall be left up to all teachers of the Britton High School.

3. Trust Fund. The property to constitute this fund shall consist of all the property of my estate not heretofore in this, my Last Will and Testament, directed to go to other individuals or organizations or to other parts as hereinbefore set forth, together with any and all increases or additions thereto that may be added thereto by my Executor or Trustee in any way.
4. Use of the Trust Fund. The Trustee shall use the income and income only from the above property for the purpose of providing scholarships for such student or students as may be selected by the committee as set out in Paragraph 2 above. The Trustee shall notify the committee by January 15<sup>th</sup> of each year after the said Trustee gets control of the property as to how many dollars will be available for scholarships and the committee shall select the appropriate number as set out herein to receive the said scholarships. That there may be allowed income to accumulate for a period of time and from year to year if there isn't any student who should have the said scholarship; however, this is to be discouraged and each year the income from the said funds and property in the hands of the Trustee shall be used as much as practicable for said scholarships, and these scholarships can be for furthering education or skills after high school; that is, not only for a freshman student or any particular year, but may be used for any year of college, graduate school, or professional school, or higher education including trade schools and business schools.
5. The scholarship grants shall be limited to two (2) students per year of \$500.00 each.
6. If there shall be any income remaining from the said Trust after the payment of the scholarship grants as set out above, that the balance shall be paid to W. H. Ward and the First National Bank of Aberdeen as Trustees of the Arthur C. and Jessie Bonham Educational Fund under the Trust Agreement which is dated the 4<sup>th</sup> day of May (sic), 1968.

#### ARTICLE XXI

My Trustee shall have the power and authority to do any act or anything reasonably necessary or advisable for the proper administration and distribution of the Trust created under this Will. No power created under this Article shall be exercised with respect to the said Jessie Bonham Scholarship Grant that will in any way conflict with the regulations of the Internal Revenue Code as they apply to a charitable trust, which it is my intention to be creating. In extension but not in limitation of any power, right, or discretion, otherwise possessed by my Trustee, I grant to him, without the necessity of notice to or approval of any Court or person, the following powers:

(emphasis added; list of trustee's powers omitted)

12. Court Supervision Requested. On January 27, 1976, First National Bank of Aberdeen petitioned the court to make the scholarship grant trust a court supervised trust. Such petition was granted

by Order for Court Supervised Trust dated January 29, 1976. Attached to the Petition was a list of assets showing the total value of assets at \$131,576.53. (See Marshall County file Civ. 76-0008.)

13. Failure to Provide Annual Court Reports. The annual reports and court orders approving such reports required by SDCL 21-22-14 were made and filed from 1976 through 1983 in the scholarship grant trust, but have not been filed since 1983. The Trustee apparently relied upon language in Article XXI of the Will which granted powers to the Trustee "without the necessity of notice to or approval of any Court or person[.]" However, SDCL 21-22-7 provides that the only method by which accountings may be waived is upon petition and order of the court dispensing with supervision. This was not done. However, financial reports were provided to the Britton School personnel responsible for making scholarship decisions on at least an annual basis.

14. Court Supervision Dispensed With. On February 16, 1999, Norwest Bank South Dakota, N.A., successor-in-interest to First National Bank of Aberdeen, acting as trustee, petitioned the court to dispense with court supervision. Such petition was granted by Order Dispensing With Court Supervision dated February 25, 1999.

15. Previous Scholarship Increases. Decedent's Will provided that the scholarship grant trust could pay up to two (2) Five Hundred Dollar (\$500.00) scholarships each year for graduates of Britton High School to further their education. However, the assets and income of such trust appreciated significantly from the time of the trust creation in 1976 through 1985, and, following petition by the Trustee and a public hearing, the court, on November 7, 1985, ordered that the amount of the two (2) scholarships be increased from \$500.00 per scholarship to \$1,000.00 per scholarship per year. Scholarships were again increased in 1999 following petition by the trustee and Order Granting Petition to Increase Scholarships dated February 25, 1999, which allowed the trustee to provide up to four (4) One Thousand Dollar (\$1,000.00) scholarships per year. The 1999 petition noted that the trust corpus had grown significantly and there was more income available for distribution than was permitted to be distributed.

16. Current Status. As of October 31, 2004, the testamentary scholarship grant trust had a balance of \$177,596.84.

#### Current Tax Problems

17. Tax Problems. Petitioners have been advised by the trustee's CPA, Eide Bailly LLP, that the current trust provisions limit the trustee's ability to make "qualifying distributions" as required by the Internal Revenue Code. A letter from the CPA dated August 17, 2004, explaining the tax ramifications was attached to the Petition as EXHIBIT A and incorporated therein. The trusts had to pay excise tax for tax year 2003 as a result of the failure to make qualifying distributions. If the failure to make qualifying distributions continues, the excise tax will be 100% of the amounts not properly distributed.

18. Qualifying Distributions. Both trusts are considered private foundations for purposes of federal tax law. Federal tax law requires private foundations to distribute a certain percentage of their funds each year to avoid paying excise tax. In general, a private foundation must pay out at least five percent (5%) of its assets annually. In years of high returns, the trust corpus may grow, but in years of low returns, trust corpus may shrink. If distributions are not made as required, an excise tax of up to 100% of the amounts that should have been distributed is imposed. The current trust terms do not allow the trustee to distribute enough

funds annually to satisfy the IRS private foundation rules, thus resulting in loss of funds by imposition and payment of excise taxes. Monies paid to the IRS are monies no longer available to further the charitable educational goals of the grantor of the trusts.

19. Program Related Investments. Loans made under the loan fund trust qualify as distributions in the year made. However, as the loans are repaid, the payments received by the trust constitute a recovery of previous distributions and must be redistributed again to maintain qualification. There has been less and less demand for repayable loans in recent years, and no significant increase in demand is expected in the current economic environment. Thus, it will become increasingly impossible for the loan fund trust to comply with IRS private foundation regulations because each loan repayment must be immediately re-loaned to avoid excise tax. The repayments can never be added to principal. Eventually, there will be more funds available than can be loaned out even if demand is high.

20. Current Undistributed Income. The scholarship grant trust currently has \$8,722 of undistributed income which should be distributed by February 28, 2005, to avoid loss by imposition of excise tax. The loan fund trust currently has \$25,944 of undistributed income which should be distributed by February 28, 2005, to avoid loss by imposition of excise tax. The trustee and selection committees have been unable to make qualifying distributions because the current rules governing the amount and use of the trusts limit how many scholarships may be given and the amount of such scholarships. In addition, the scholarship grant trust provision requiring that excess, undistributed income be transferred to the loan fund trust, and the inability of the loan fund trust to roll over repaid loans into new loans fast enough to meet the private foundation rules, results in the loan fund trust facing imposition of high excise taxes and the loss of significant funds which the grantor set aside for the charitable purpose of providing educational assistance.

21. CPA Recommendations. The last page of the CPA letter sets forth several recommendations to avoid payment of additional taxes. Those recommendations include merging the loan fund trust into the scholarship grant trust, not making additional loans (at least under current private foundation regulations and combined with limited demand for loan funds), and authorizing the trustee and governing board to make all distributions necessary to avoid IRS penalties and tax and giving the governing board the flexibility to adjust future policies to comply with future tax law changes.

22. Distribution Of Principal. Because the private foundation rules generally require the distribution of at least five percent (5%) of trust assets each year, it is necessary to authorize expenditure of principal from the combined trust. If only income can be distributed, a situation may arise where earnings are less than five percent, thereby causing tax problems because less than the five percent was distributed. Thus, in years of low earnings, the trust must have authority to distribute principal to remain in compliance with the private foundation rules. The loan fund trust terms already allow lending principal, but the scholarship grant trust does not currently allow distribution of principal.

23. Consequences of Status Quo. The CPA letter points out that continued operation of the loan fund trust and the scholarship grant trust according to the current terms and conditions will result in IRS taxes and penalties, with the result that corpus will be steadily diminished, limiting the income available to accomplish the charitable purposes of both trusts.

#### Cy Pres Doctrine

24. Overview of Cy Pres Doctrine. Under the cy pres doctrine, courts have equitable jurisdiction to amend the terms and conditions of a charitable trust so as to effectuate its avowed purposes, particularly when changing circumstances would otherwise defeat such purposes. The term "cy pres" comes from the phrase "cy pres comme possible," which means "so nearly as may be." Thus, the doctrine is used to carry out the charitable purpose of the donor "as nearly as may be." The cy pres doctrine has been applied in cases where tax law would have frustrated the charitable purpose of the trust. See, generally, 15 Am Jur 2d, Charities, §§ 157-159, 179, copies of which are attached to the Petition and incorporated therein.

25. Cy Pres Doctrine in South Dakota. The vast majority of states which have considered the cy pres doctrine have approved the doctrine. Other states have adopted the doctrine by statute. South Dakota has done neither. Even though not adopted by case law or statute, there is implied authority for use of the cy pres doctrine in South Dakota. The last sentence of SDCL 55-14-7, which is not applicable to the instant trust, allows obsolete, inappropriate, or impractical restrictions imposed by the applicable gift instrument on the use of funds to be released, in whole or in part, as long as the release does not allow the fund to be used for purposes other than the original charitable intent. The last sentence of the statute specifically provides that "this section does not limit the application of the doctrine of cy pres." Thus, it appears that the legislature understood and acknowledged that the cy pres doctrine would be available in South Dakota.

26. Application of Cy Pres to Instant Trusts. In the instant trusts, current federal income tax law applicable to private foundations, particularly the qualifying distribution rules discussed above, will substantially frustrate the intent and purpose of Mrs. Bonham in assisting graduates of Britton High School in furthering their higher education. The trust provision requiring excess scholarship grant trust income to be added to the loan fund trust, coupled with the tax regulation treating repaid loans as income which must be immediately recycled to avoid the excise tax, will eventually result in an inability to recycle the loan fund trust "income" fast enough and often enough to satisfy the Internal Revenue Service. Even now there is \$25,944 of loan fund trust "income" which must be distributed before February 28, 2005. Given recent history, very little of these funds will be distributed before the deadline under current trust administration rules. The trustee's tax advisors have recommended, at least under current tax law, that the loan fund be merged into the scholarship grant fund trust and that no additional loans be made. However, because future tax law changes or increased demand for loans could once again make educational loans practical, petitioners requested that the power to make loans be retained, with the managing committee having authority to decide, as tax law and circumstances change, whether to make grants or loans from the trust.

27. Trustor's Anticipation of Changed Circumstances. Each trust contains language to the effect that the exercise of powers by the trustee shall not conflict with applicable IRS regulations of charitable trusts. These provisions constitute an acknowledgment by the trustor that circumstances might change and the powers of the trustee may be altered or limited by applicable tax law. It is clear that the trustor did not want the charitable status of the trust to be lost. Combination of the trusts and making the other requested changes to comply with applicable federal income tax law will not frustrate Mrs. Bonham's charitable intent.

(a) The loan fund trust contains the following language (and the scholarship grant trust contains virtually identical language):

No power created under this Trust shall be exercised with respect to the said Arthur C. and Jessie Bonham Educational Fund that will in any way conflict with the regulations of the

Internal Revenue Code as they apply to a charitable trust which it is my intention to be creating.

This language seems to anticipate possible changes to comply with applicable federal income tax law.

(b) Article V of the loan fund trust contains the following language:

In the event that I shall leave a Last Will and Testament creating a testamentary trust or the provisions which are substantially the same as those for the Trust herein contained, then the Trustees in their discretion may merge and transfer this trust or trusts with the trust or trusts created by my last will and testament, thereafter to be held and administered as a part thereof.

This language seems to anticipate the combining of the trusts at some point in the future, especially if the trust terms are substantially similar, which they would be if this court approves the requested changes to comply with applicable federal income tax law.

#### Current Request

28. Temporary Resumption of Court Supervision. Petitioners have requested that the court temporarily resume supervision of the trusts in order to acquire jurisdiction under SDCL 21-22-13 to combine the loan fund trust and the scholarship grant trust into one trust, and to amend the terms of the resulting trust under the cy pres doctrine to accomplish the charitable purposes of Mrs. Bonham, such requested amendments summarized as follows:

- Establish a five-member governing committee which will consist of a representative of the trustee; the Britton-Hecla High School superintendent, or his designee; a representative from the Britton-Hecla Board of Education, as appointed by the board; the Britton-Hecla High School guidance counselor; and a high school teacher selected by the teachers, and
- Grant broad powers to the trustee and management board to set policies regarding the granting of scholarships and loans, and
- Grant the trustee and management board power to amend its policies to comply with Internal Revenue Code regulations applicable to private foundations so as to avoid penalties and taxes which fort the charitable intent of Mrs. Bonham.

29. Past and Current School Districts. Because the merger between the Britton and Hecla-Houghton school districts occurred in 2001, some former graduates of Britton High School may still be eligible for educational assistance pursuant to the terms of the original trust documents. Therefore, the designation of potential future recipients of assistance should not be limited to graduates of Britton-Hecla High School, but should also include graduates of Britton High School so as to encompass the pre-merger graduates as well.

30. Requested Changes. The Trustee and the current representatives of the Britton-Hecla School District have requested that the court approve and order the following changes in the way the trusts are administered in order to honor and preserve the charitable and educational purposes intended by Mrs. Bonham when the trusts were established in 1968 and 1975:

(a) Combining Trusts. That the Arthur C. and Jessie Bonham Educational Fund (the loan fund trust; Marshall County Civ. 78-0022) and the Jessie Bonham Scholarship Grant (the scholarship grant trust; Marshall County Civ. 76-0008) be combined into one trust, to be known as the Bonham Trust, the purpose of which is to assist graduates of Britton High School and Britton-Hecla High School in furthering their education by providing grants or loans, as the governing board determines. Grants and loans may be made for furthering post-high school education or skills for any year of college, university, graduate, or professional school, or trade or vocational schools. The selection committee may not discriminate based upon race, creed, color, or sex, but recipients must be American citizens. Criteria for the selection of recipients shall be determined by the governing committee, and shall include consideration of the available funds, academic achievement, academic potential, financial need, leadership, community involvement, and citizenship. The governing board may also consider other factors and the weight to be given each factor shall rest solely with the governing board.

(b) Governing Board. That the governing board of the Bonham Trust, to be known as the Bonham Trust Board, shall consist of the following five (5) members:

- (1) The Britton-Hecla High School superintendent or his designee.
- (2) The Britton-Hecla High School guidance counselor.
- (3) A representative of the Britton-Hecla High School teachers selected by the teachers.
- (4) A representative of the Britton-Hecla School District school board selected by the school board.
- (5) A representative of the trustee.

(c) Powers and Duties of the Board. That the Bonham Trust Board shall have the following powers:

- (1) To establish and adopt policies for administration of the trust, and to amend such policies from time to time as necessary to
  - (A) Accomplish the charitable purposes of the donor,
  - (B) Adapt to changes in the investment environment, and
  - (C) Comply with applicable federal or state income or other tax laws, regulations, or rules so as to maximize the amounts available for the donor's charitable purposes and minimize the amounts expended for payment of taxes or penalties.

(2) To determine the amount of income and principal to distribute each year, whether such distributions shall be as grants, loans, or a combination thereof, the terms and conditions of such grants or loans, and the number of individual distributions to be made in light of available funds and the number of qualified students and their needs.

(3) To determine the criteria for selecting recipients of the available grants or loans. Such criteria may not conflict with the donor's expressed criteria; provided, however, that such criteria may conflict with the donor's criteria if the donor's criteria violate the applicable provisions of the Internal Revenue Code or its regulations and would thus cause the overall charitable intent of the donor to be frustrated.

(4) To determine the process by which recipients will be chosen, or to appoint a selection committee to determine the process by which recipients will be chosen.

(5) To directly select the recipients, or to appoint a selection committee to select the recipients, of the available grants or loans. No one with a child or relative who is eligible for a grant or loan under the then existing policies shall be involved with the selection process since that would constitute a conflict of interest

31. Best Interests. The foregoing changes would be consistent with the Trustor's intent to provide scholarships and loans to worthy graduates of Britton High School to assist in their post-secondary education. The Trustor could not have envisioned when establishing the inter vivos trust in 1968 or when making her Will in 1973 that the principal would grow as it has, that higher returns would make more income available, and that federal income tax rules would potentially confiscate much of the annual income of the trusts. By allowing maximum flexibility and discretion in setting policies, the Bonham Trust Board will be able to react to changes in the field of education, in the investment arena, and in the tax field, all without jeopardizing the original charitable, educational purposes of the trusts and without the expense of applying to the court for micro-managed changes whenever circumstances change. Merging the trusts into one trust will also reduce accounting expenses and leave more money available for charitable purposes.

32. Expenses. The Trustee has incurred attorneys fees, sales tax, and costs to Spiry & Frohling, LLP, attorneys, for legal services in connection with filing this Petition (and the sister petition) and related services, which amount is fair and reasonable under the circumstances. The Trustee has also incurred expenses to Eide Bailly LLP for professional tax and accounting services and advice in connection with resolving the tax-related issues arising out of application of the private foundation rules to the current trusts, which amount is fair and reasonable under the circumstances.

Now, therefore, in light of the foregoing findings,

IT IS HEREBY ORDERED AS FOLLOWS:

33. Jurisdiction. That the court temporarily resume court supervision of both trusts in order to acquire jurisdiction to hear the Petition.

34. Combine Trusts. That the above captioned trusts, the Jessie Bonham Scholarship Grant, Marshall County Civ. 76-0008, and the Arthur C. and Jessie Bonham Educational Loan Fund, Marshall County Civ. 78-0022, be, and the same hereby are, combined into one trust, to be known as the BONHAM TRUST, and all future pleadings concerning the combined trust shall be filed in Marshall County Civ. 76-0008, the Bonham Scholarship Grant Trust file.

35. Purpose. That, in order to honor and preserve the charitable and educational purposes intended by trustors when the trusts were established in 1968 and 1975, the purpose of the Bonham Trust is to assist graduates of Britton High School and Britton-Hecla High School in furthering their education by providing grants or loans, as the governing board determines. Grants and loans may be made for furthering post-high school education or skills for any year of college, university, graduate, or professional school, or trade or vocational schools. The selection committee may not discriminate based upon race, creed, color, or sex, but recipients must be American citizens. Criteria for the selection of recipients shall be determined by the

governing board, and shall include consideration of the available funds, academic achievement, academic potential, financial need, leadership, community involvement, and citizenship. The governing board may consider other factors and the weight to be given each factor shall rest with the governing board.

36. Governing Board. That the governing board of the Bonham Trust, to be known as the Bonham Trust Board, shall consist of the following five (5) members:

- (a) The Britton-Hecla High School superintendent or his designee.
- (b) The Britton-Hecla High School guidance counselor.
- (c) A representative of the Britton-Hecla High School teachers selected by the teachers.
- (d) A representative of the Britton-Hecla School District school board selected by the school board.
- (e) A representative of the trustee.

37. Powers and Duties of the Board. That the Bonham Trust Board shall have the following powers:

(a) To establish and adopt policies for administration of the trust, and to amend such policies from time to time as necessary to

- (1) Accomplish the charitable purposes of the donor,
- (2) Adapt to changes in the investment environment, and
- (3) Comply with applicable federal or state income or other tax laws, regulations, or rules so as to maximize the amounts available for the donor's charitable purposes and minimize the amounts expended for payment of taxes or penalties.

(b) To determine the amount of income and principal to distribute each year, whether such distributions shall be as grants, loans, or a combination thereof, the terms and conditions of such grants or loans, and the number of individual distributions to be made in light of available funds and the number of qualified students and their needs.

(c) To determine the criteria for selecting recipients of the available grants or loans. Such criteria may not conflict with the donor's expressed criteria; provided, however, that such criteria may conflict with the donor's criteria if the donor's criteria violate the applicable provisions of the Internal Revenue Code or its regulations and would thus cause the overall charitable intent of the donor to be frustrated.

(d) To determine the process by which recipients will be chosen, or to appoint a selection committee to determine the process by which recipients will be chosen.



(e) To directly select the recipients, or to appoint a selection committee to select the recipients, of the available grants or loans. No one with a child or relative who is eligible for a grant or loan under the then existing policies shall be involved with the selection process since that would constitute a conflict of interest.

38. Successors. All references to Britton-Hecla High School shall include any successor school districts, and any name changes, whether resulting from mergers, consolidations, or otherwise, shall not necessitate amendment of these proceedings or orders.

39. Expenses. That the Trustee may reimburse attorneys fees, sales tax, and costs to Spiry & Frohling, LLP, attorneys, for services in connection with filing the Petitions and related services, which amount is fair and reasonable under the circumstances, and that the Trustee may reimburse fees and expenses to Eide Bailly LLP for professional tax and accounting services and advice in connection with resolving the tax-related issues arising out of application of the private foundation rules to the current trusts, which amount is fair and reasonable under the circumstances.

40. Dispense With Supervision. That the court hereby dispenses with future supervision of the Bonham Trust, until further petition by an interested party or until further order of this court.

Dated this 13th day of December, 2004.

ATTEST:

Kim A. Berger, Clerk

BY THE COURT:

Jack R. Von Wald  
Judge

By \_\_\_\_\_, Deputy

(COURT SEAL)