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

2010

For calendar year 2010, 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

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) ▶$ 44,634,254.

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				
	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	227,266.	227,266.		STATEMENT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	1,120,122.			
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		1,120,122.		
	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	4,578,154.	1,515,412.	0.	STATEMENT 2
	12 **Total.** Add lines 1 through 11	5,925,542.	2,862,800.	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 STMT 3	2,642.	0.	0.	2,642.
	b Accounting fees STMT 4	10,395.	0.	0.	10,395.
	c Other professional fees STMT 5	27,592.	27,592.	0.	0.
	17 Interest				
	18 Taxes STMT 6	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	40,654.	27,592.	0.	13,037.
	25 Contributions, gifts, grants paid	1,826,520.			1,826,520.
	26 **Total expenses and disbursements.** Add lines 24 and 25	1,867,174.	27,592.	0.	1,839,557.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	4,058,368.			
	b **Net investment income** (if negative, enter -0-)		2,835,208.		
	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	182,442.	9,243.	9,243.
	2 Savings and temporary cash investments	925,672.	1,086,470.	1,086,470.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations STMT 7	3,695,351.	5,200,104.	5,200,916.
	b Investments - corporate stock STMT 8	1,365,063.	1,345,233.	1,804,869.
	c Investments - corporate bonds STMT 9	57,340.	57,340.	84,255.
	11 Investments - land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 10	34,238,649.	36,823,874.	36,448,501.
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers)	40,464,517.	44,522,264.	44,634,254.
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 ▶ [X] and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	40,464,517.	44,522,264.	
	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**	40,464,517.	44,522,264.	
	31 **Total liabilities and net assets/fund balances**	40,464,517.	44,522,264.	

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	40,464,517.
2	Enter amount from Part I, line 27a	2	4,058,368.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	44,522,885.
5	Decreases not included in line 2 (itemize) ▶ CARRYING VALUE ADJUSTMENT	5	621.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	44,522,264.

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 15		VARIOUS	VARIOUS
b	STCG FROM INVESTMENTS-SEE STATEMENT 15		VARIOUS	VARIOUS
c	LTCG FROM PARTNERSHIPS-SEE STATEMENT 14		VARIOUS	VARIOUS
d	STCG FROM PARTNERSHIPS-SEE STATEMENT 14		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				29,763.
b				-14,882.
c				1,109,041.
d				-3,800.
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a				29,763.
b				-14,882.
c				1,109,041.
d				-3,800.
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** 1,120,122.

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))
2009	1,720,370.	37,255,787.	.046177
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

2	Total of line 1, column (d)	2	.226658
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	.045332
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	42,605,134.
5	Multiply line 4 by line 3	5	1,931,376.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	28,352.
7	Add lines 5 and 6	7	1,959,728.
8	Enter qualifying distributions from Part XII, line 4	8	1,839,557.

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	56,704.
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	56,704.
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	56,704.
6	Credits/Payments:			
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a 19,148.		
b	Exempt foreign organizations - tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c 53,500.		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d		7	72,648.
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	15,944.
11	Enter the amount of line 10 to be: **Credited to 2011 estimated tax** ▶	15,944. **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 2010 or the taxable year beginning in 2010 (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)*

			Yes	No
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

			Yes	No
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?	16		X
	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 ▶			

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 22 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 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?	☐ 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 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

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

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	7,184,813.
b	Average of monthly cash balances	1b	725,555.
c	Fair market value of all other assets	1c	35,343,575.
d	Total (add lines 1a, b, and c)	1d	43,253,943.
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	43,253,943.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	648,809.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	42,605,134.
6	**Minimum investment return.** Enter 5% of line 5	6	2,130,257.

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	2,130,257.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	56,704.		
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b			
c	Add lines 2a and 2b			2c	56,704.
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	2,073,553.
4	Recoveries of amounts treated as qualifying distributions			4	0.
5	Add lines 3 and 4			5	2,073,553.
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	2,073,553.

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	1,839,557.
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	1,839,557.
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	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	1,839,557.

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				2,073,553.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			1,781,692.	
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: ▶ $ 1,839,557.				
a Applied to 2009, but not more than line 2a			1,781,692.	
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				57,865.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2010 (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 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				2,015,688.
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)

	Tax year	Prior 3 years			
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	(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, 612-672-9603
636 FERNDALE AVENUE, WAYZATA, MN 55391

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

IN WRITING WITH SUPPORTING MATERIALS INDICATING CHARITABLE PURPOSE

c Any submission deadlines:

N/A

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

N/A

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
SEE STATEMENT 11				
Total			▶ 3a	1826520.
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 (a) Business code	(b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	(d) Amount	(e) Related or exempt function income
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	227,266.	
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	900099	-104,965.	14	4,683,119.	
8 Gain or (loss) from sales of assets other than inventory			18	1,120,122.	
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)		-104,965.		6,030,507.	0.

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 5,925,542.

(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).

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 11/14/11 Date VP Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
TERRANCE O'REILLY		11-7-11		P00068340
Firm's name ▶ LARSONALLEN LLP			Firm's EIN ▶ 41-0746749	
Firm's address ▶ 220 SOUTH SIXTH STREET, SUITE 300 MINNEAPOLIS, MN 55402			Phone no. 612-376-4500	

Form **990-PF** (2010)

023622
04-26-11

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES		STATEMENT 1
SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
DIVIDENDS	171,037.	0.	171,037.
INTEREST	86,893.	0.	86,893.
PURCHASED INTEREST	-30,664.	0.	-30,664.
TOTAL TO FM 990-PF, PART I, LN 4	227,266.	0.	227,266.

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 SEE STATEMENT 18	4,499,776.	1,494,601.	0.
TAX REFUND	15,442.	0.	0.
MISCELLANEOUS	42,125.	0.	0.
ROYALTY INCOME	20,811.	20,811.	0.
TOTAL TO FORM 990-PF, PART I, LINE 11	4,578,154.	1,515,412.	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	2,642.	0.	0.	2,642.
TO FM 990-PF, PG 1, LN 16A	2,642.	0.	0.	2,642.

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	10,395.	0.	0.	10,395.
TO FORM 990-PF, PG 1, LN 16B	10,395.	0.	0.	10,395.

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	27,592.	27,592.	0.	0.
TO FORM 990-PF, PG 1, LN 16C	27,592.	27,592.	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	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS	STATEMENT 7

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
SEE STATEMENT 19	X		5,200,104.	5,200,916.
TOTAL U.S. GOVERNMENT OBLIGATIONS			5,200,104.	5,200,916.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			5,200,104.	5,200,916.

FORM 990-PF	CORPORATE STOCK	STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE STATEMENT 19	1,345,233.	1,804,869.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,345,233.	1,804,869.

FORM 990-PF	CORPORATE BONDS	STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE STATEMENT 19	57,340.	84,255.
TOTAL TO FORM 990-PF, PART II, LINE 10C	57,340.	84,255.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT 10

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
PARTNERSHIPS - SEE STATEMENT 19	COST	36,823,874.	36,448,501.
TOTAL TO FORM 990-PF, PART II, LINE 13		36,823,874.	36,448,501.

FORM 990-PF GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR STATEMENT 11

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
ABBOT NORTHWESTERN HOSPITAL 800 EAST 28TH STREET MINNEAPOLIS, MN 55407	OPERATIONAL		5,000.
ADMISSION POSSIBLE 450 NORTH SYNDICATE ST, SUITE 200 ST. PAUL, MN 55104	OPERATIONAL		3,000.
AMERICAN MUSEUM OF NATURAL HISTORY CENTRAL PARK WEST AT 79TH STREET NEW YORK, NY 10024	OPERATIONAL		500.
ANGEL BASKETS PO BOX 22000 TELLURIDE, CO 81435	OPERATIONAL		500.
BOLDER OPTIONS 2100 STEVENS AVENUE SO MINNEAPOLIS, MN 55404	OPERATIONAL		2,000.
BREAKTHROUGH COLABORATIVE 545 SANSOME STREET, SUITE 700 SAN FRANCISCO, CA 94111	OPERATIONAL		27,000.
BRENTWOOD SCHOOL 100 SOUTH BARRINGTON PLACE LOS ANGELES, CA 90049	OPERATIONAL		4,000.
CARE 601 CARLSON PARKWAY, SUITE 1050 MINNETONKA, MN 55305	OPERATIONAL		1,000.

CARMEL AUTHORS & IDEAS FESTIVAL 601 CARLSON PARKWAY, SUITE 1050 MINNETONKA, MN 55305	OPERATIONAL	1,000.
CHILDREN'S HOME SOCIETY 1605 EUTIS STREET ST. PAUL, MN 55108	OPERATIONAL	1,000.
CITIZENS LEAGUE 555 N WABASHA ST, SUITE 240 ST. PAUL, MN 55102	OPERATIONAL	500.
CITY OF ST. HELENA, SKATEPARK LIGHTS 555 N WABASHA ST, SUITE 240 ST. PAUL, MN 55102	OPERATIONAL	1,000.
CLINIC OLE 1141 PEAR TREE LANE, SUITE 260 NAPA, CA 94558	OPERATIONAL	10,000.
COTTAGEWOOD COMMUNITY FOUNDATION 20280 COTTAGEWOOD ROAD EXCELSIOR, MN 55331	OPERATIONAL	200.
FINE ARTS MUSEUM OF SAN FRANCISCO 233 POST STREET SAN FRANCISCO, CA 94108	OPERATIONAL	20,000.
FRANCONIA SCULPTURE PARK 29836 ST. CROIX TRAIL FRANCONIA, MN 55074	OPERATIONAL	500.
FRESHWATER SOCIETY 2150 3RD AVENUE NO, SUITE 110 ANOKA, MN 55303	OPERATIONAL	500.
GALAPAGOS CONSERVANCY 11150 FAIRFAX BLVD., SUITE 408 FAIRFAX, VA 22040	OPERATIONAL	500.

GENTRY COUNTY SOIL & WATER CONSERVATION 512 EAST HIGHWAY 136 ALBANY, MO 64402	OPERATIONAL	500.
GRAYWOLF PRESS 2402 UNIVERSITY AVE, SUITE 203 ST. PAUL, MN 55114	OPERATIONAL	2,000.
GREATER MINNEAPOLIS COUNCIL OF CHURCHES 1001 EAST LAKE ST MINNEAPOLIS, MN 55407	OPERATIONAL	1,000.
GUTHRIE THEATER 818 2ND STREET SO MINNEAPOLIS, MN 55415	OPERATIONAL	200,000.
HABITAT FOR HUMANITY 3001 4TH STREET SE MINNEAPOLIS, MN 55414	OPERATIONAL	2,000.
HIGHPOINT CENTER FOR PRINTMAKING 2638 LYNDALE AVE SO MINNEAPOLIS, MN 55408	OPERATIONAL	1,000.
HOOVER INSTITITION STANFORD UNIVERSITY, 326 GALVEZ STEET STANFORD, CA 94305	OPERATIONAL	10,000.
INNER CITY TENNIS PO BOX 29677 MINNEAPOLIS, MN 55408	OPERATIONAL	500.
INTERFAITH OUTREACH 110 GRAND AVENUE SOUTH WAYZATA, MN 55391	OPERATIONAL	52,000.
KIPP:MINNESOTA 1601 LAUREL AVENUE MINNEAPOLIS, MN 55403	OPERATIONAL	5,000.

LIBRARY FOUNDATION OF HENNEPIN COUNTY 300 NICOLLET MALL MINNEAPOLIS, MN 55401	OPERATIONAL	2,000.
MACPHAIL CENTER FOR MUSIC 1128 LASALLE AVENUE MINNEAPOLIS, MN 55403	OPERATIONAL	1,000.
MARIN ACADEMY 1600 MISSION AVENUE SAN RAFAEL, CA 94901	OPERATIONAL	2,000.
MARIN COUNTRY DAY SCHOOL 5221 PARADISE DRIVE CORTE MADERA, CA 94925	OPERATIONAL	4,000.
MENTORING PARTNERSHIP OF MINNESOTA 81 SOUTH 9TH STREET, SUITE 200 MINNEAPOLIS, MN 55402	OPERATIONAL	1,500.
MINNEAPOLIS CHESS 807 BROADWAY STREET, NE MINNEAPOLIS, MN 55413	OPERATIONAL	1,000.
MINNEAPOLIS COLLEGE OF ART & DESIGN 2501 STEVENS AVENUE MINNEAPOLIS, MN 55404	OPERATIONAL	1,000.
MINNEAPOLIS INSTITUTE OF ARTS 2400 3RD AVENUE SOUTH MINNEAPOLIS, MN 55404	OPERATIONAL	20,000.
MINNESOTA CHILDREN'S MUSEUM 10 WEST SEVENTH STREET ST. PAUL, MN 55102	OPERATIONAL	1,500.
MINNESOTA HISTORICAL SOCIETY 345 KELLOGG BLVD ST. PAUL, MN 55102	OPERATIONAL	2,500.

MINNESOTA INTERNATIONAL CENTER 711 EAST RIVER ROAD MINNEAPOLIS, MN 55455	OPERATIONAL	1,000.
MINNESOTA LANDSCAPE ARBORETUM 3675 ARBORETUM DRIVE CHASKA, MN 55318	OPERATIONAL	3,000.
MINNESOTA OPERA 620 NORTH 1ST ST MINNEAPOLIS, MN 55401	OPERATIONAL	5,000.
MINNESOTA ORCHESTRA 1111 NICOLLET MALL MINNEAPOLIS, MN 55403	OPERATIONAL	265,000.
MINNESOTA PUBLIC RADIO 480 CEDAR STREET ST. PAUL, MN 55101	OPERATIONAL	4,000.
MINNESOTA ZOO 13000 ZOO BLVD APPLE VALLEY, MN 55124	OPERATIONAL	2,000.
MINNETONKA CENTER FOR THE ARTS 2240 NORTH SHORE DRIVE WAYZATA, MN 55391	OPERATIONAL	2,000.
MISSISSIPPI RIVER FUND 26 EAST EXCHANGE STREET ST. PAUL, MN 55101	OPERATIONAL	1,000.
MIXED BLOOD THEATRE 1501 SOUTH FOURTH STREET MINNEAPOLIS, MN 55454	OPERATIONAL	1,000.
MUSIC IN THE VINEYARDS PO BOX 6297 NAPA, CA 94581	OPERATIONAL	1,500.

NAPA VALLEY OPERA HOUSE 1000 MAIN STREET, SUITE 150 NAPA, CA 94459	OPERATIONAL	35,000.
NAPA VALLEY POLICE OFFICERS' ASSOCIATION PO BOX 65 NAPA, CA 94559	OPERATIONAL	200.
NAPA VALLEY VINE TRAIL COALITION PO BOX 93 ST. HELENA, CA 94574	OPERATIONAL	25,000.
NAPA VALLEY WRITERS CONFERENCE 2277 NAPA-VALLEJO HIGHWAY NAPA, CA 94558	OPERATIONAL	1,000.
NORTHERN CLAY CENTER 2424 FRANKLIN AVENUE EAST MINNEAPOLIS, MN 55405	OPERATIONAL	2,000.
ORWAY CENTER FOR PERFORMING ARTS 345 WASHINGTON STREET ST. PAUL, MN 55102	OPERATIONAL	2,000.
PAGE EDUCATION FOUNDATION PO BOX 581254 MINNEAPOLIS, MN 55458	OPERATIONAL	1,000.
PARKS & TRAILS COUNCIL OF MINNESOTA 275 EAST 4TH STREET, SUITE 642 ST. PAUL, MN 55101	OPERATIONAL	1,000.
PATHWAYS 3115 HENNEPIN AVENUE SOUTH MINNEAPOLIS, MN 55408	OPERATIONAL	5,000.
PEOPLE SERVING PEOPLE 614 SOUTH 3RD STREET MINNEAPOLIS, MN 55415	OPERATIONAL	2,000.

PLANNED PARENTHOOD 1200 LAGOON AVENUE MINNEAPOLIS, MN 55408	OPERATIONAL	75,000.
POMOMA COLLEGE 333 NORTH COLLEGE WAY CLAREMONT, CA 91711	OPERATIONAL	27,500.
PRINCETON UNIVERSITY PRINCETON, NJ 08544	OPERATIONAL	33,000.
PROJECT FOR PRICE IN LIVING 1035 EAST FRANKLIN AVENUE MINNEAPOLIS, MN 55404	OPERATIONAL	2,000.
PROJECT SUCCESS 2124 DUPONT AVE SO MINNEAPOLIS, MN 55405	OPERATIONAL	1,000.
SAN FRANCISCO MUSEUM OF MODERN ART 151 THIRD STREET SAN FRANCISCO, CA 94103	OPERATIONAL	402,320.
SAN FRANCISCO OPERA 301 VAN NESS AVENUE SAN FRANCISCO, CA 94102	OPERATIONAL	4,000.
SAVE THE LAKE 18338 MINNETONKA BLVD DEEPHAVEN, MN 55391	OPERATIONAL	1,000.
SCIENCE MUSEUM OF MINNESOTA 120 KELLOGG BLVD ST. PAUL, MN 55102	OPERATIONAL	5,000.
ST. HELENA FARMER'S MARKET PO BOX 70 ST. HELENA, CA 94574	OPERATIONAL	500.

ST. HELENA HOSPITAL FOUNDATION 10 WOODLAND ROAD ST. HELENA, CA 94574	OPERATIONAL	30,000.
STANFORD GRADUATE SCHOOL OF BUSINESS 326 GALVEZ STREET STANFORD, CA 94305	OPERATIONAL	15,000.
STORE TO DOOR 1821 UNVERSTY AVE WEST, SUITE 112 ST. PAUL, MN 55104	OPERATIONAL	1,000.
SUMMER SEARCH 625 2ND STREET, SUITE 209 PETALUMA, CA 94952	OPERATIONAL	2,000.
TELLURIDE EMT ASSOCIATION PO BOX 1645 TELLURIDE, CO 81435	OPERATIONAL	1,000.
TELLURIDE FILM FESTIVAL 800 JONES STREET BERKELEY, CA 94710	OPERATIONAL	11,000.
TELLURIDE MEDICAL CENTER 500 WEST PACIFIC AVE TELLURIDE, CO 81435	OPERATIONAL	500.
THE BLAKE SCHOOL 110 BLAKE ROAD SOUTH HOPKINS, MN 55343	OPERATIONAL	16,000.
THE BRIDGE 2200 EMERSON AVENUE SO MINNEAPOLIS, MN 55405	OPERATIONAL	1,000.
THE CHILDREN'S THEATRE COMPANY 2400 THIRD AVENUE SO MINNEAPOLIS, MN 55404	OPERATIONAL	3,000.

THE JUNGLE THEATER 2951 LYNDALE AVENUE SOUTH MINNEAPOLIS, MN 55408	OPERATIONAL	1,000.
THE LAND TRUST OF NAPA VALLEY 116 NEW MONTGOMERY STREET SAN FRANCISCO, CA 94105	OPERATIONAL	3,500.
THE NATURE CONSERVANCY 1101 WEST RIVER PARKWAY, SUITE 200 MINNEAPOLIS, MN 55415	OPERATIONAL	4,000.
THE PLAYWIGHTS' CENTER 2301 FRANKLIN AVENUE EAST MINNEAPOLIS, MN 55406	OPERATIONAL	1,000.
THE THACHER SCHOOL 5025 THACHER ROAD OJAI, CA 93023	OPERATIONAL	500.
THE TRUST FOR PUBLIC LAND 2610 UNIVERSITY AVENUE, SUITE 300 ST. PAUL, MN 55114	OPERATIONAL	1,000.
TUBMAN FAMILY ALLIANCE 3111 FIRST AVE SO MINNEAPOLIS, MN 55408	OPERATIONAL	1,100.
TWIN CITIES PUBLIC TELEVISION 172 EAST 4TH STREET ST. PAUL, MN 55101	OPERATIONAL	2,000.
UNITED WAY 404 SOUTH 8TH STREET MINNEAPOLIS, MN 55404	OPERATIONAL	35,000.
WALKER ART CENTER 1750 HENNEPIN AVENUE MINNEAPOLIS, MN 55403	OPERATIONAL	391,000.

WATCH 608 2ND AVENUE SOUTH MINNEAPOLIS, MN 55402	OPERATIONAL	500.
WAYZATA FIRE DEPARTMENT 600 RICE STREET WAYZATA, MN 55391	OPERATIONAL	200.
WEISMAN ART MUSEUM 333 EAST RIVER ROAD MINNEAPOLIS, MN 55455	OPERATIONAL	1,500.
WILDERNESS INQUIRY 808 14TH AVE SE MINNEAPOLIS, MN 55414	OPERATIONAL	2,000.
WOLF RIDGE ENVIRONMENTAL LEARNING CTR 6282 CRANBERRY ROAD FINLAND, MN 55603	OPERATIONAL	1,000.
YMCA 30 SOUTH 3RD STREET MINNEAPOLIS, MN 55415	OPERATIONAL	1,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A		1,826,520.

STATEMENTS 12 AND 13 PERTAIN TO THE FORM 990-T

PROSPECT CREEK FOUNDATION
41-1736420
2010 FORM-PF

PARTNERSHIP	STCG	LTCG
BAUPOST VALUE LP - I	(10,731)	57,863
FARALLON CAPITAL PARTERNS, L.P.	-	4
FCOI II HOLDINGS, LP		409,915
PRIME-SCRC LP	27	14
MARATHON FUND LIMITED V	-	3,387
VALUEACT CAPITAL PARTNERS II, L.P.	17,053	(1,405)
SPO PARTNERS II, L.P.	(10,142)	634,551
HCP WPPE X INVESTORS, LLC	(7)	4,712
TOTALS FROM PARTNERSHIPS	(3,800)	1,109,041

PROSPECT CREEK FOUNDATION
41-1736420
2010 FORM 990-PF

	STCG	LTCG
McDonald Capital Management	-	29,723
Charles Schwab #4346	(14,882)	40
	(14,882)	29,763

McDonald Capital Investors

REALIZED GAINS AND LOSSES

Prospect Creek Foundation

From 01-01-10 Through 12-31-10

Open Date	Close Date	Quantity	Security	Cost Basis	Proceeds	Gain Or Loss Short Term	Gain Or Loss Long Term
08-27-03	05-10-10	125	CareFusion Corp.	3,976 09	3,326 24		-649 85
10-04-07	05-10-10	50	CareFusion Corp	1,757 57	1,330 50		-427 07
11-20-07	05-10-10	225	CareFusion Corp	7,243 78	5,987 23		-1,256 55
08-01-03	05-11-10	225	CareFusion Corp	6,993 03	5,985 50		-1,007 53
08-27-03	05-11-10	175	CareFusion Corp	5,566 53	4,655 39		-911 14
08-01-03	05-12-10	275	CareFusion Corp	8,547 03	7,230 40		-1,316 63
03-13-08	05-12-10	125	CareFusion Corp	3,780 49	3,286 55		-493 94
09-29-08	05-12-10	175	CareFusion Corp	4,876 20	4,601 16		-275 04
10-24-00	11-12-10	1	CAH Litigation Settlement	2,143 84	2,143.84		0 00
07-21-03	12-02-10	50	Waters Corp	1,416 51	3,960 69		2,544 18
10-06-08	12-02-10	100	Waters Corp	5,202 34	7,921 39		2,719.05
10-23-08	12-02-10	200	Waters Corp	7,908 48	15,842.79		7,934 31
07-21-03	12-10-10	150	Waters Corp	4,249 52	12,059 12		7,809 60
11-20-08	12-21-10	100	Fastenal Co	3,256 48	5,983.77		2,727 29
12-02-08	12-21-10	100	Fastenal Co	3,267 58	5,983 78		2,716 20
11-20-08	12-29-10	200	Fastenal Co	6,512 96	11,996 54		5,483 58
11-20-08	12-30-10	150	Fastenal Co	4,884 72	9,011 53		4,126 81
TOTAL GAINS						0 00	36,061 02
TOTAL LOSSES						0 00	-6,337 75
				81,583.15	**111,306.42**	**0.00**	**29,723.27**

TOTAL REALIZED GAIN/LOSS 29,723 27

2010 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 84XXX** CALLED **DUE 03/23/11@ PAR EFF 02 31331GS34	150,000.0000	12/10/09	02/03/10	$150,000 00	$150,023.44	($23.44)
Security Subtotal				**$150,000.00**	**$150,023.44**	**($23.44)**
FED FARM CR BK 1 85XXX** CALLED **DUE 03/23/11@ PAR EFF 03: 31331GQF9	175,000 0000	02/05/10	03/23/10	$175,000 00	$175,292.25	($292 25)
Security Subtotal				**$175,000.00**	**$175,292.25**	**($292.25)**
FED FARM CR BK 4 75XXX**MATURED** DUE 05/07/10· 31331XWL2	200,000.0000	03/29/10	05/07/10	$200,000.00	$200,942.00	($942.00)
Security Subtotal				**$200,000.00**	**$200,942.00**	**($942.00)**
FED HM LN MTG 2XXX** CALLED **DUE 02/25/11@ PAR EFF 02: 3128X8LN0	100,000 0000	11/06/09	02/25/10	$100,000 00	$100,480 00	($480.00)
Security Subtotal				**$100,000.00**	**$100,480.00**	**($480.00)**
FED HM LN MTG 0 5XXX** CALLED **DUE 07/19/12@ PAR EFF 10 3134G1LH5	175,000.0000	06/29/10	10/19/10	$175,000.00	$175,000 00	$0 00
Security Subtotal				**$175,000.00**	**$175,000.00**	**$0.00**
FED HM LN MTG 1.25XXX** CALLED **DUE 09/28/12@ PAR EFF 12 3134G1JT2	175,000 0000	09/21/10	12/28/10	$175,000 00	$175,395 50	($395 50)
Security Subtotal				**$175,000 00**	**$175,395.50**	**($395.50)**

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STATEMENT 17

2010 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 HM LN MTG 1.65XXX** CALLED **DUE 11/19/12@ PAR EFF 11 3134G1DE1	175,000.0000	05/25/10	11/19/10	$175,000.00	$175,000 00	$0.00
Security Subtotal				**$175,000.00**	**$175,000.00**	**$0.00**
FED HM LN MTG 2.05XXX** CALLED **DUE 03/09/11@ PAR EFF 03 3128X8NB4	100,000.0000	11/04/09	03/09/10	$100,000 00	$100,601 80	($601 80)
Security Subtotal				**$100,000.00**	**$100,601.80**	**($601.80)**
FED HM LN MTG FLT 2010NOTES DUE 07/12/10. 3128X8EW8	150,000.0000	04/16/09	02/08/10	$150,003.00	$150,022 05	($19.05)
Security Subtotal				**$150,003.00**	**$150,022.05**	**($19.05)**
FED HOME LN BK 0%10DISC NOTES DUE 03/22/10: 313385UP9	100,000.0000	03/09/10	03/12/10	$99,999.03	$99,996 03	$3 00
Security Subtotal				**$99,999.03**	**$99,996.03**	**$3.00**
FED HOME LN BK 1XXX** CALLED **DUE 07/15/11@ PAR EFF 04 3133XWJL4	200,000 0000	03/25/10	04/15/10	$200,000.00	$200,000 00	$0.00
Security Subtotal				**$200,000.00**	**$200,000.00**	**$0.00**
FED HOME LN BK 1XXX** CALLED **DUE 11/10/11@ PAR EFF 08 3133XYAZ8	200,000 0000	04/21/10	08/10/10	$200,000.00	$200,000.00	$0 00
Security Subtotal				**$200,000.00**	**$200,000.00**	**$0.00**

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STATEMENT 17

2010 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 1XXX** CALLED **DUE 11/14/11@ PAR EFF 07: 3133XYDU6	175,000 0000	06/11/10	07/14/10	$175,000.00	$175,043 58	($43 58)
Security Subtotal				**$175,000.00**	**$175,043.58**	**($43.58)**
FED HOME LN BK 5XXX**MATURED** DUE 03/12/10: 3133XJUS5	225,000.0000	01/28/10	03/12/10	$225,000 00	$226,318.50	($1,318.50)
Security Subtotal				**$225,000.00**	**$226,318.50**	**($1,318.50)**
FED HOME LN BK 0.3XXX** CALLED **DUE 05/10/11@ PAR EFF 02· 3133XVM65	125,000.0000	12/16/09	02/10/10	$125,000.00	$124,975.00	$25.00
Security Subtotal				**$125,000.00**	**$124,975.00**	**$25.00**
FED HOME LN BK 0.5XXX** CALLED **DUE 04/06/11@ PAR EFF 04: 3133XUYQ0	100,000.0000	11/18/09	04/06/10	$100,000 00	$100,031.25	($31 25)
Security Subtotal				**$100,000.00**	**$100,031.25**	**($31.25)**
FED HOME LN BK 0.5XXX** CALLED **DUE 12/30/11@ PAR EFF 03· 3133XWAM1	100,000 0000	12/09/09	03/30/10	$100,000 00	$100,000.00	$0 00
Security Subtotal				**$100,000.00**	**$100,000.00**	**$0.00**
FED HOME LN BK 1.2XXX** CALLED **DUE 12/15/11@ PAR EFF 02: 3133XVVS7	100,000.0000	11/20/09	02/16/10	$100,000.00	$100,000.00	$0.00
Security Subtotal				**$100,000.00**	**$100,000.00**	**$0.00**

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STATEMENT 17

2010 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 05XXX** CALLED **DUE 11/25/11@ PAR EFF 08. 3133XYEJ0	200,000.0000	04/28/10	08/25/10	$200,000.00	$200,000.00	$0.00
Security Subtotal				**$200,000.00**	**$200,000.00**	**$0.00**
FED HOME LN BK 1.75XXX** CALLED **DUE 03/22/12@ PAR EFF 03· 3133XURY1	125,000 0000	01/07/10	03/22/10	$125,000.00	$125,191.25	($191.25)
Security Subtotal				**$125,000.00**	**$125,191.25**	**($191.25)**
FED HOME LN BK 1.85XXX** CALLED **DUE 12/21/12@ PAR EFF 12. 3133XW6C8	200,000 0000	10/27/10	12/21/10	$200,000.00	$200,404.00	($404 00)
Security Subtotal				**$200,000.00**	**$200,404.00**	**($404.00)**
FED HOME LN BK 2.25XXX** CALLED **DUE 09/18/12@ PAR EFF 03. 3133XUPK3	125,000 0000	01/13/10	03/18/10	$125,000.00	$125,156 25	($156 25)
Security Subtotal				**$125,000.00**	**$125,156.25**	**($156.25)**
FED HOME LN BK 3.75XXX**MATURED** DUE 01/08/10. 3133XNTD1	125,000 0000	07/30/09	01/08/10	$125,000.00	$126,865 00	($1,865.00)
Security Subtotal				**$125,000.00**	**$126,865.00**	**($1,865.00)**
FED HOME LN BK 0.625XXX** CALLED **DUE 05/11/12@ PAR EFF 08 3133XY4T9	175,000.0000	06/18/10	08/11/10	$175,000.00	$175,000.00	$0 00
Security Subtotal				**$175,000.00**	**$175,000.00**	**$0.00**

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STATEMENT 17

2010 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 HOME LN BK 0 875XXX** CALLED **DUE 02/11/11@ PAR EFF 02· 3133XUES8	125,000.0000	07/28/09	02/11/10	$125,000 00	$124,765.63	$234 37
Security Subtotal				**$125,000.00**	**$124,765.63**	**$234.37**
FED HOME LN BK 1 125XXX** CALLED **DUE 06/22/12@ PAR EFF 06· 3133XTW44	175,000 0000	05/03/10	06/22/10	$175,000.00	$175,142.80	($142 80)
Security Subtotal				**$175,000.00**	**$175,142.80**	**($142.80)**
FED HOME LN BK 1 125XXX** CALLED **DUE 12/02/11@ PAR EFF 06· 3133XVRB9	175,000.0000	05/05/10	06/02/10	$175,000.00	$174,982.50	$17.50
Security Subtotal				**$175,000.00**	**$174,982.50**	**$17.50**
FED HOME LN BK 1 375XXX** CALLED **DUE 02/24/12@ PAR EFF 03. 3133XWW96	175,000.0000	02/16/10	03/24/10	$175,000.00	$175,000.00	$0.00
Security Subtotal				**$175,000.00**	**$175,000.00**	**$0.00**
FED HOME LN BK 1 375XXX** CALLED **DUE 05/14/12@ PAR EFF 06: 3133XYBR5	200,000 0000	05/20/10	06/14/10	$200,000.00	$200,026.00	($26.00)
Security Subtotal				**$200,000.00**	**$200,026.00**	**($26.00)**
FED HOME LN BK 4.875XXX**MATURED** DUE 03/12/10 3133XES83	250,000 0000	01/26/10	03/12/10	$250,000 00	$251,495.00	($1,495.00)
Security Subtotal				**$250,000.00**	**$251,495.00**	**($1,495.00)**

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STATEMENT 17

charles SCHWAB
INSTITUTIONAL

Schwab One® Account of
PROSPECT CREEK FOUNDATION

Account Number
5531-4346

Report Period
January 1 - December 31, 2010

2010 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 2XXX** CALLED **DUE 03/01/12@ PAR EFF 03: 3136FH6J9	125,000.0000	12/17/09	03/01/10	$125,000 00	$125,405 00	($405 00)
Security Subtotal				**$125,000.00**	**$125,405.00**	**($405.00)**
FED NATL MTG 0 5XXXNOTES DUE 02/12/13MULTI STEP C. 3136FM5H3	175,000.0000	07/30/10	11/12/10	$175,000 00	$174,912 50	$87 50
Security Subtotal				**$175,000.00**	**$174,912.50**	**$87.50**
FED NATL MTG 1 5XXX** CALLED **DUE 02/10/12@ PAR EFF 05: 3136FJNM9	100,000 0000	10/22/09	05/10/10	$100,000 00	$100,000.00	$0.00
Security Subtotal				**$100,000.00**	**$100,000.00**	**$0.00**
FED NATL MTG 1 5XXX** CALLED **DUE 05/24/12@ PAR EFF 08· 31398AR20	175,000 0000	05/03/10	08/24/10	$175,000 00	$175,000 00	$0.00
Security Subtotal				**$175,000.00**	**$175,000.00**	**$0.00**
FED NATL MTG 1 5XXX** CALLED **DUE 06/01/12@ PAR EFF 09 31398AS52	175,000 0000	05/06/10	09/01/10	$175,000.00	$175,000 00	$0 00
Security Subtotal				**$175,000 00**	**$175,000.00**	**$0.00**
FED NATL MTG 2.1XXX** CALLED **DUE 09/16/13@ PAR EFF 09 31398AJ29	150,000.0000	09/02/10	09/16/10	$150,000 00	$150,097 20	($97 20)
Security Subtotal				**$150,000.00**	**$150,097.20**	**($97.20)**

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STATEMENT 17

2010 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 NATL MTG 2.5XXX** CALLED **DUE 03/02/12@PAR EFF 03/. 31398AVS8	150,000 0000	12/22/09	03/02/10	$150,000.00	$150,607.50	($607.50)
Security Subtotal				**$150,000.00**	**$150,607.50**	**($607.50)**
FED NATL MTG 1 25XXX** CALLED **DUE 12/30/11@ PAR EFF 06 31398AB92	125,000.0000	12/21/09	06/30/10	$125,000.00	$125,000 00	$0.00
Security Subtotal				**$125,000.00**	**$125,000.00**	**$0.00**
FED NATL MTG 2.15XXX** CALLED **DUE 04/13/12@PAR EFF 04/. 31398AWN8	100,000.0000	12/03/09	04/13/10	$100,000.00	$100,625.00	($625.00)
Security Subtotal				**$100,000.00**	**$100,625.00**	**($625.00)**
FED NATL MTG 2 16XXX** CALLED **DUE 09/17/12@ PAR EFF 09. 3136FJBN0	200,000.0000	08/23/10	09/17/10	$200,000.00	$200,242.00	($242 00)
Security Subtotal				**$200,000.00**	**$200,242.00**	**($242.00)**
FED NATL MTG 2.25XXX** CALLED **DUE 04/09/12@ PAR EFF 04: 31398AWG3	125,000.0000	12/14/09	04/09/10	$125,000.00	$125,728.75	($728 75)
Security Subtotal				**$125,000.00**	**$125,728.75**	**($728.75)**
FED NATL MTG 1 375%12** CALLED **DUE 04/12/12@ PAR EFF 07· 3136FJG62	125,000 0000	12/18/09	07/12/10	$125,000.00	$125,000.00	$0.00
Security Subtotal				**$125,000.00**	**$125,000.00**	**$0.00**

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STATEMENT 17

2010 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)
US TREAS BILL 0%10UST BILL DUE 06/24/10: 912795UV1	200,000 0000	05/18/10	06/18/10	$199,999 67	$199,968.65	$31 02
Security Subtotal				**$199,999.67**	**$199,968.65**	**$31.02**
US TREAS BILL 0%06/10UST BILL DUE 06/17/10: 912795UU3	100,000.0000	05/19/10	06/11/10	$99,999.46	$99,987.11	$12 35
Security Subtotal				**$99,999.46**	**$99,987.11**	**$12.35**
US TREAS BILL 0%07/10UST BILL DUE 07/01/10: 912795U66	200,000 0000	05/20/10	06/29/10	$200,000.06	$199,966.63	$33.43
Security Subtotal				**$200,000.06**	**$199,966.63**	**$33.43**
US TREAS BILL 0%09/10UST BILL DUE 09/23/10: 912795U90	100,000 0000	08/05/10	09/22/10	$99,999 64	$99,979 58	$20.06
Security Subtotal				**$99,999.64**	**$99,979.58**	**$20.06**
US TREAS BILL 0%12/10UST BILL DUE 12/02/10: 912795W98	100,000.0000	10/07/10	11/30/10	$99,999.62	$99,978.22	$21.40
Security Subtotal				**$99,999.62**	**$99,978.22**	**$21.40**
US TREAS BILL 03/11/10U S T BILL DUE 03/11/10: 912795T68	100,000.0000	02/04/10	03/05/10	$99,998.67	$99,996.46	$2 21

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STATEMENT 17

2010 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)
US TREAS BILL 03/11/10U S T BILL DUE 03/11/10: 912795T68	100,000.0000	02/04/10	03/09/10	$99,999 53	$99,996 46	$3.07
Security Subtotal				**$199,998.20**	**$199,992.92**	**$5.28**
US TREAS BILL 04/01/10UST BILL DUE 04/01/10 912795UL3	100,000.0000	03/03/10	03/30/10	$99,999.94	$99,993.15	$6.79
US TREAS BILL 04/01/10UST BILL DUE 04/01/10 912795UL3	100,000 0000	03/03/10	03/31/10	$100,000.00	$99,993.15	$6.85
Security Subtotal				**$199,999.94**	**$199,986.30**	**$13.64**
US TREAS BILL 05/06/10U S T BILL DUE 05/06/10: 912795U41	300,000.0000	03/25/10	05/03/10	$299,997.94	$299,964.13	$33.81
Security Subtotal				**$299,997.94**	**$299,964.13**	**$33.81**
US TREAS BILL 05/27/10UST BILL DUE 05/27/10: 912795US8	100,000 0000	04/22/10	05/25/10	$99,999 31	$99,987.12	$12.19
Security Subtotal				**$99,999.31**	**$99,987.12**	**$12.19**
US TREAS BILL 06/03/10U S T BILL DUE 06/03/10 912795U58	100,000.0000	04/29/10	06/01/10	$99,999.25	$99,986.97	$12.28
Security Subtotal				**$99,999.25**	**$99,986.97**	**$12.28**

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STATEMENT 17

2010 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 08/05/10UST BILL DUE 08/05/10: 912795V24	100,000 0000	06/25/10	07/28/10	$99,997.02	$99,990.55	$6 47
US TREAS BILL 08/05/10UST BILL DUE 08/05/10: 912795V24	200,000 0000	06/25/10	08/02/10	$199,998.18	$199,981 09	$17 09
Security Subtotal				**$299,995.20**	**$299,971.64**	**$23.56**
US TREAS BILL 08/12/10UST BILL DUE 08/12/10: 912795V57	200,000 0000	07/01/10	07/22/10	$199,983.89	$199,962 78	$21 11
US TREAS BILL 08/12/10UST BILL DUE 08/12/10: 912795V57	100,000.0000	07/01/10	08/10/10	$99,999.24	$99,981.39	$17.85
Security Subtotal				**$299,983.13**	**$299,944.17**	**$38.96**
US TREAS NOTE 4%04XXX**MATURED** DUE 04/15/10: 912828DR8	225,000 0000	02/23/10	04/15/10	$225,000.00	$226,230 47	($1,230 47)
Security Subtotal				**$225,000.00**	**$226,230.47**	**($1,230.47)**
US TREAS NOTE 6.50%02/10UST NOTE DUE 02/15/10 9128275Z1	125,000 0000	07/28/09	02/15/10	$125,000 00	$129,233 40	($4,233.40)
Security Subtotal				**$125,000.00**	**$129,233.40**	**($4,233.40)**

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STATEMENT 17

2010 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)
US TREAS NT 4 5%05/10 DUE 05/15/10 912828GR5	175,000 0000	03/04/10	05/15/10	$175,000 00	$176,497 07	($1,497.07)
Security Subtotal				**$175,000.00**	**$176,497.07**	**($1,497.07)**
US TREAS NT 2 625%05/10 DUE 05/31/10. 912828JA9	200,000.0000	03/12/10	05/31/10	$200,000.00	$201,054 69	($1,054 69)
Security Subtotal				**$200,000.00**	**$201,054.69**	**($1,054.69)**
UST INFL IDX 0.875%04/10INFL INDEX DUE 04/15/10. 912828CZ1	100,000 0000	04/23/09	01/25/10	$114,675 52	$111,034.54	$3,640.98
Security Subtotal				**$114,675.52**	**$111,034.54**	**$3,640.98**
Total Short-Term				**$9,539,648.97**	**$9,554,531.39**	**($14,882.42)**

Long-Term	Quantity/Par	Acquired/ Opened	Sold/ Closed	Total Proceeds	Cost Basis	Realized Gain or (Loss)
FED FARM CR BK FLT 2XXX**MATURED** DUE 11/26/10. 31331GXG9	100,000.0000	06/03/09	11/26/10	$100,000 00	$99,960 00	$40.00
Security Subtotal				**$100,000.00**	**$99,960.00**	**$40.00**

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STATEMENT 17

2010 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 NATL MTG 2XXX** CALLED **DUE 03/02/11@PAR EFF 03/: 31398AVL3	150,000.0000	02/13/09	03/02/10	$150,000.00	$150,000.00	$0.00
Security Subtotal				**$150,000.00**	**$150,000.00**	**$0.00**
Total Long-Term				**$250,000.00**	**$249,960.00**	**$40.00**
Total Realized Gain or (Loss)				**$9,789,648.97**	**$9,804,491.39**	**($14,842.42)**

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

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STATEMENT 17

PROSPECT CREEK FOUNDATION
41-1736420
2010 FORM-PF

PARTNERSHIP	ORDINARY INCOME(LOSS)	RENTAL INCOME(LOSS)	INTEREST	DIVIDENDS	OTHER INCOME	PORTFOLIO DEDUCTIONS	INTEREST EXPENSE	TOTALS
BAUPOST VALUE LP - I	(6,228)	(17,278)	78,091	58,807	1,483,217	(55,808)	(3,298)	1,537,503
FARALLON CAPITAL PARTERNS, L P	(80,904)	(82)	582	1	(3)	(37)		(80,443)
HCP WPPE X INVESTORS, LLC	(176)	-	3,842	14,304	432	(42,552)	-	(24,150)
PRIME FINANCE	-	-	-	128,097	-	-	-	128,097
PRIME-SCRC LP	-	562	49	5	6	(13)	(5)	604
VALUEACT CAPITAL PARTNERS II, L P		-	14	23,165	(1,006)	(18,892)	(365)	2,916
SPO PARTNERS II, L P	(94,408)	(192)	2,382	30,407	94,908	(116,525)	(8,001)	(91,429)
FCOI II - WATERSHED CAPITAL PARTNERS								-
FCOI II - FLATIRON RE					3,477			3,477
FCOI II - COMPUTERSHARE TRUST CO OF CANADA								-
FCOI II - FCOI II INVESTMENTS, LTD								-
FCOI II - LEBLON EQUITIES PARTNERS FUND LTD								-
FCOI II - LEBLON VALUE HEDGE FUND LTD								-
FCOI II - CRCM INSTITUTIONAL FUND (BVI), LTD								-
FCOI II- JIAHEYI ADVERTISING (BEIJING) CO , LTD					5			
MARATHON FUND LIMITED PARTNERSHIP	-	-	4	18,461		(506)		17,959
TOTALS FROM PARTNERSHIPS	(181,716)	(16,990)	84,964	273,247	1,581,036	(234,333)	(11,669)	1,494,604

Prospect Creek Foundation
Asset Summary - Cost & FMV
at 12/31/2010

	LOWRY HILL	SCHWAB #4346	SCHWAB #5313	McDONALD CAPITAL	CHKING	PRTNRSHPS	RECEIVABLE NAPA VALLEY	TOTALS
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 COST - 2010								
Cash					9,243			9,243
Money Market	-	885,166	-	201,304				1,086,470
Equities				1,345,233				1,345,233
Corporate Bonds				57,340				57,340
Government Securities		5,200,104						5,200,104
Other						36,823,874		36,823,874
	-	6,085,270	-	1,603,877	9,243	36,823,874	-	44,522,264
AT FMV - 2010								
Cash					9,243			9,243
Money Market		885,166	-	201,304				1,086,470
Equities				1,804,869				1,804,869
Corporate Bonds				84,255				84,255
Government Securities		5,200,916						5,200,916
Other						36,448,501		36,448,501
	-	6,086,082	-	2,090,428	9,243	36,448,501	-	44,634,254