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
PADDISON CHARITABLE FOUNDATION
ATTENTION: JIM BAUGH

A Employer identification number
62-6310121

Number and street (or P O box number if mail is not delivered to street address)
1111 NORTHSHORE DRIVE, S130

Room/suite

B Telephone number
865-766-3017

City or town, state, and ZIP code
KNOXVILLE, TN 37919

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐

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

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

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

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 2,446,505.

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

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

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	140,625.		N/A	
2 Check ▶ ☐ if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	5,754.	5,754.		STATEMENT 1
4 Dividends and interest from securities	49,886.	49,886.		STATEMENT 2
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	<26,079.>			
b Gross sales price for all assets on line 6a 382,665.				
7 Capital gain net income (from Part IV, line 2)		0.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income				
12 **Total.** Add lines 1 through 11	170,186.	55,640.		
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc	15,163.	11,372.		3,791.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees STMT 3	1,000.	750.		250.
c Other professional fees				
17 Interest				
18 Taxes STMT 4	969.	969.		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	17,132.	13,091.		4,041.
25 Contributions, gifts, grants paid	93,000.			93,000.
26 **Total expenses and disbursements.** Add lines 24 and 25	110,132.	13,091.		97,041.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	60,054.			
b **Net investment income** (if negative, enter -0-)		42,549.		
c **Adjusted net income** (if negative, enter -0-)			N/A	

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12-07-10 LHA **For Paperwork Reduction Act Notice, see the instructions.**

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	62,215.	82,708.	72,708.
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶ 747.			
	Less: allowance for doubtful accounts ▶	262.	747.	747.
	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 5	49,140.	14,988.	15,085.
	b Investments - corporate stock STMT 6	1,783,646.	1,500,373.	1,919,381.
	c Investments - corporate bonds STMT 7	65,140.	421,641.	438,584.
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers)	1,960,403.	2,020,457.	2,446,505.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	1,960,403.	2,020,457.	
	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**	1,960,403.	2,020,457.	
	31 **Total liabilities and net assets/fund balances**	1,960,403.	2,020,457.	

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	1,960,403.
2	Enter amount from Part I, line 27a	2	60,054.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	2,020,457.
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	2,020,457.

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	SEE ATTACHED SCHEDULE		VARIOUS	VARIOUS
b	CAPITAL GAINS DIVIDENDS			
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	380,975.		408,744.	<27,769.>
b	1,690.			1,690.
c				
d				
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				<27,769.>
b				1,690.
c				
d				
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 <26,079.>

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	109,044.	1,836,513.	.059376
2008	138,221.	2,279,446.	.060638
2007	132,474.	2,551,180.	.051927
2006	116,655.	2,282,204.	.051115
2005	89,876.	1,981,739.	.045352

2	**Total** of line 1, column (d)	2	.268408
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	.053682
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	2,180,640.
5	Multiply line 4 by line 3	5	117,061.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	425.
7	Add lines 5 and 6	7	117,486.
8	Enter qualifying distributions from Part XII, line 4	8	97,041.

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	851.
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	851.
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	851.
6 Credits/Payments:				
a 2010 estimated tax payments and 2009 overpayment credited to 2010	6a	1,308.		
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	1,308.
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	457.
11 Enter the amount of line 10 to be: **Credited to 2011 estimated tax** ▶	457.	**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?	2		X
If "Yes," attach a detailed description of the activities.			
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? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?	5		X
If "Yes," attach the statement required by General Instruction T.			
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?	7	X	
If "Yes," complete Part II, col. (c), and Part XV.			
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ TN			
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 ▶ PINNACLE NATIONAL BANK/ JIM BAUGH Telephone no.▶865-766-3017

Located at ▶1111 NORTHSHORE DR., SUITE S130, KNOXVILLE, TN ZIP+4 ▶37919

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

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
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** No: 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
MARY PADDISON JAMES 3920 BEVERLY PLACE KNOXVILLE, TN 37918	CO-TRUSTEE 3.00	0.	0.	0.
PINNACLE BANK - SUCCESSOR TRUSTEE 1111 NORTHSHORE DR, SUITE S130 KNOXVILLE, TN 37919	CO-TRUSTEE 3.00	15,163.	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 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ▶	0.

Form **990-PF** (2010)

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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	2,177,627.
b	Average of monthly cash balances		1b	36,159.
c	Fair market value of all other assets		1c	62.
d	**Total** (add lines 1a, b, and c)		1d	2,213,848.
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	2,213,848.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)		4	33,208.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4		5	2,180,640.
6	**Minimum investment return.** Enter 5% of line 5		6	109,032.

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	109,032.
2a	Tax on investment income for 2010 from Part VI, line 5	2a 851.		
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b		
c	Add lines 2a and 2b		2c	851.
3	Distributable amount before adjustments. Subtract line 2c from line 1		3	108,181.
4	Recoveries of amounts treated as qualifying distributions		4	0.
5	Add lines 3 and 4		5	108,181.
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	108,181.

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	97,041.
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	97,041.
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	97,041.

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					108,181.
2 Undistributed income, if any, as of the end of 2010					
a Enter amount for 2009 only				0.	
b Total for prior years: ______ , ______ , ______			0.		
3 Excess distributions carryover, if any, to 2010:					
a From 2005					
b From 2006	5,649.				
c From 2007	7,585.				
d From 2008	25,166.				
e From 2009	18,128.				
f **Total** of lines 3a through e		56,528.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ $	97,041.				
a Applied to 2009, but not more than line 2a				0.	
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					97,041.
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).)		11,140.			11,140.
6 **Enter the net total of each column as indicated below:**					
a Corpus Add lines 3f, 4c, and 4e Subtract line 5		45,388.			
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					0.
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		45,388.			
10 Analysis of line 9:					
a Excess from 2006					
b Excess from 2007	2,094.				
c Excess from 2008	25,166.				
d Excess from 2009	18,128.				
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).)

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:

PADDISON FOUNDATION, PINNACLE BANK, TTEE, 865-766-3017
1111 NORTHSHORE DR., SUITE S130, KNOXVILLE, TN 37919

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

APPLICATION FORM CAN BE REQUESTED AT THE ABOVE ADDRESS.

c Any submission deadlines:

APPLICATION MUST BE MADE BY JANUARY 31

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

NONE

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 8				
Total			▶ 3a	93,000.
b *Approved for future payment*				
NONE				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	5,754.	
4 Dividends and interest from securities			14	49,886.	
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			01		
8 Gain or (loss) from sales of assets other than inventory			18	<26,079.>	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		29,561.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 29,561.

(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).
	LOSS ON SALE OF SECURITIES THAT PRODUCE INVESTMENT INCOME

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

▶ Jim F Baugh, Jr. V.P. | 5/9/11 ▶

Signature of officer or trustee | Date | Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
EDMOND DUNLAVY	E.B. Dunlavy	05/06/11		

Firm's name ▶ KRAFTCPAS PLLC | Firm's EIN ▶

555 GREAT CIRCLE ROAD

Firm's address ▶ NASHVILLE, TN 37228 | Phone no. 615-242-7351

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

Schedule of Contributors

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

OMB No 1545-0047

2010

Name of the organization
PADDISON CHARITABLE FOUNDATION
ATTENTION: JIM BAUGH

Employer identification number
62-6310121

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☒ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions

General Rule

☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not aggregate to more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of $5,000 or more during the year. ▶ $ ____________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization
PADDISON CHARITABLE FOUNDATION
ATTENTION: JIM BAUGH

Employer identification number
62-6310121

Part I **Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	PADDISON CHARITABLE LEAD TRUSTS (2) 1111 NORTHSHORE DR., SUITE S130 KNOXVILLE, TN 37919	$ 140,625.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

Name of organization	Employer identification number
PADDISON CHARITABLE FOUNDATION ATTENTION: JIM BAUGH	62-6310121

Part II **Noncash Property** (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

Name of organization
PADDISON CHARITABLE FOUNDATION
ATTENTION: JIM BAUGH

Employer identification number
62-6310121

Part III **Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than $1,000 for the year.** Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ $

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
PINNACLE BANK TRUST DEPARTMENT	5,754.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	5,754.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
PINNACLE BANK TRUST DEPT	51,576.	1,690.	49,886.
TOTAL TO FM 990-PF, PART I, LN 4	51,576.	1,690.	49,886.

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	1,000.	750.		250.
TO FORM 990-PF, PG 1, LN 16B	1,000.	750.		250.

FORM 990-PF TAXES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	969.	969.		0.
TO FORM 990-PF, PG 1, LN 18	969.	969.		0.

FORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 5

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
PINNACLE BANK	X		14,988.	15,085.
TOTAL U.S. GOVERNMENT OBLIGATIONS			14,988.	15,085.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			14,988.	15,085.

FORM 990-PF CORPORATE STOCK STATEMENT 6

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
PINNACLE BANK	1,500,373.	1,919,381.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,500,373.	1,919,381.

FORM 990-PF CORPORATE BONDS STATEMENT 7

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
PINNACLE BANK	421,641.	438,584.
TOTAL TO FORM 990-PF, PART II, LINE 10C	421,641.	438,584.

FORM 990-PF GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR STATEMENT 8

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
CELEBRATE RECOVERY 9915 KINGSTON PIKE KNOXVILLE, TN 37922	SCHOLARSHIP PAYMENT FOR MATTHEW RYAN ROBINSON		
CENTRAL HIGH SCHOOL AUTO MECHANICS DEPT 5321 JACKSBORO PIKE KNOXVILLE, TN 37918			1,000.
CENTRAL HIGH SCHOOL LANDSCAPING CLASS 5321 JACKSBORO PIKE KNOXVILLE, TN 37918			1,000.
CENTRAL HIGH SCHOOL LIBRARY 5321 JACKSBORO PIKE KNOXVILLE, TN 37918			2,000.
CENTRAL HIGH SCHOOL SCHOLARS BOWL 5321 JACKSBORO PIKE KNOXVILLE, TN 37918			1,000.
EMERALD YOUTH FOUNDATION 1718 N CENTRAL ST. KNOXVILLE, TN 37917			5,000.
FOUNTAIN CITY MINISTRY CENTER P.O. BOX 5311 KNOXVILLE, TN 37928			10,000.
FRIENDS OF THE GREAT SMOKY MOUNTAIN NATIONAL PARK P.O. BOX 1660 KODAK, TN 377647660			10,000.

INTERFAITH HEALTH CLINIC 315 GILL AVE. KNOXVILLE, TN 37917		10,000.
KNOX COUNTY SCHOOLS ADULT LITERACY PROGRAM 912 S. GAY STREET KNOXVILLE, TN 37901		
KNOXVILLE-KNOX COUNTY CAC 2247 WESTERN AVE KNOXVILLE, TN 37950	MOBILE MEALS	10,000.
KNOXVILLE-ZOOLOGICAL GARDENS 3500 KNOXVILLE ZOO DR. KNOXVILLE, TN 37914	EDUCATIONAL	8,000.
MARYVILLE COLLEGE SCHOLARSHIP FUND 502 E. LAMAR ALEXANDER PKWY MARYVILLE, TN 37804	FUNDING THE ROGER B. & EVELYN W. PASSISON SCHOLARSHI	10,000.
RHODES COLLEGE 2000 N PARKWAY MEMPHIS, TN 38112	SCHOLARSHIP	
SECOND HARVEST FOOD BANK 922 DELAWARE AVE. KNOXVILLE, TN 37921		5,000.
ST. PAUL METHODIST CHURCH 4014 GARDEN DR. KNOXVILLE, TN 37918	TRUSTEE PROJECTS	10,000.
UNIVERSITY OF TENNESSEE KNOXVILLE 800 ANDY HOLT TOWER KNOXVILLE, TN 37996	SCHOLARSHIP PAYMENT	3,000.
YOUNG WILLIAMS ANIMAL CENTER 3201 DIVISION STREET KNOXVILLE, TN 37919		2,000.

FOCUS GROUP PRISON MINISTRY 6300 DEANE HILL DRIVE KNOXVILLE, TN 37919		2,000.
EAST TENNESSEE STATE UNIVERSITY 807 UNIVERSITY PKWY JOHNSON CITY, TN 37614	SCHOLARSHIP PAYMENT	3,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A		93,000.

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                                          TRUST YEAR ENDING  12/31/2010

TAX PREPARER          B D
TRUST ADMINISTRATOR  JFB                               LEGEND:  F - FEDERAL      S - STATE     I - INHERITED
INVESTMENT OFFICER.  RHL                                        E - EXEMPT FROM STATE  U - ACQ COST UNKNOWN

PROPERTY DESCRIPTION          SHARES        DATE            SALES PRICE          COST BASIS           GAIN/LOSS    TERM
--------------------          ------        ----            -----------          ----------           ---------    ----

       900 0000  AT&T INC COM - 00206R102 - MINOR = 440
              SOLD                        02/11/2010           22470 19
              ACQ           800 0000      05/22/2007           19973 50            32512 00           -12538.50    LT15
                            100.0000      08/11/2008            2496 69             3181 00             -684 31    LT15
     25000 0000  AMERICAN GEN FIN CORP MEDIUM TERM SR NTS TRANCHE # TR 00390 - 02635PSF1 - MINOR = 200
              SOLD                        09/01/2010           25000 00
              ACQ         25000 0000      07/07/2005           25000 00            25005 25               -5 25    LT15
       250 0000  BP PLC SPONSORED ADR - 055622104 - MINOR = 415
              SOLD                        05/07/2010           12124 79
              ACQ           250 0000      03/26/2009           12124 79            10436 87             1687 92    LT15
       250 0000  BP PLC SPONSORED ADR - 055622104 - MINOR = 415
              SOLD                        05/07/2010           12229 79
              ACQ            50 0000      03/26/2009            2445 96             2087 38              358 58    LT15
                            200 0000      04/20/2009            9783 83             7810 00             1973 83    LT15
       800 0000  BANK OF NEW YORK MELLON CORP COM - 064058100 - MINOR = 420
              SOLD                        02/18/2010           22063 71
              ACQ           800.0000      02/14/2007           22063 71            35075 44           -13011.73    LT15
        50 0000  BOEING CO COM - 097023105 - MINOR = 430
              SOLD                        04/22/2010            3766 93
              ACQ            50 0000      03/26/2009            3766 93             1932 75             1834 18    LT15
       301 4470  BUFFALO SMALL CAP FUND #1444 - 119804102 - MINOR = 496
              SOLD                        03/19/2010            7500 00
              ACQ           301 4470      05/12/2009            7500 00             5555 67             1944 33    ST
       174 3750  DODGE & COX INCOME FUND COM #147 - 256210105 - MINOR = 495
              SOLD                        06/29/2010            2300 00
              ACQ           174 3750      04/23/2009            2300 00             2064 60              235 40    LT15
       400 0000  EXELON CORP COM - 30161N101 - MINOR = 445
              SOLD                        04/22/2010           17494 70
              ACQ           400 0000      10/11/2007           17494 70            31678 56           -14183 86    LT15
       191 0000  FRONTIER COMMUNICATIONS CORPORATION - 35906A108 - MINOR = 440
              SOLD                        07/21/2010            1394 31
              ACQ            96 0160      03/20/2002             700 92             1166 81             -465 89    LT15
                             24 0040      04/15/2003             175 23              208 19              -32.96    LT15
                             48 0080      11/09/2005             350 46              374 43              -23.97    LT15
                             22 9720      04/24/2006             167 70              188 01              -20.31    LT15
         1 0320  FRONTIER COMMUNICATIONS CORPORATION - 35906A108 - MINOR = 440
              SOLD                        07/29/2010               7 53
              ACQ             1 0320      04/24/2006               7 53                8 45               -0 92    LT15
     40000 0000  GENERAL DYNAMICS CORP GLOBAL NT 4 50% DTD 08/14/2003 DUE 08/15/2010 - 369550AL2 - MINOR = 200
              SOLD                        08/15/2010           40000 00
              ACQ         40000 0000      07/25/2005           40000 00            40135 20             -135 20    LT15
       200 0000  INTEL CORP COM - 458140100 - MINOR = 435
              SOLD                        04/22/2010            4765 93
              ACQ           200.0000      10/06/2006            4765 93             4104 16              661 77    LT15
       400 0000  ISHARES TR MSCI EAFE INDEX - 464287465 - MINOR = 470
              SOLD                        03/19/2010           22131.71
              ACQ           400 0000      01/14/2008           22131 71            30444 00            -8312.29    LT15
       100 0000  ISHARES TR MSCI EAFE INDEX - 464287465 - MINOR = 470
              SOLD                        09/14/2010            5405 90
              ACQ           100 0000      01/14/2008            5405 90             7611 00            -2205.10    LT15
       100 0000  MICROSOFT CORP COM - 594918104 - MINOR = 435
              SOLD                        03/19/2010            2947 97
              ACQ            75 0000      03/10/2000            2210 98             3799 03            -1588 05    LT15
                             25 0000      04/26/2001             736 99              860 12             -123 13    LT15
      1250 0000  PFIZER INC COM - 717081103 - MINOR = 425
              SOLD                        08/25/2010           19824 66
              ACQ           750 0000      03/26/2009           11894.80            10830 00             1064.80    LT15
                            500 0000      04/20/2009            7929 86             6910 00             1019 86    LT15
      2000 0000  POWERSHARES COMMODITY INDEX - 73935S105 - MINOR = 450
              SOLD                        03/03/2010           47361 60
              ACQ          1000 0000      05/04/2009           23680 80            20950 00             2730.80    ST
                           1000 0000      05/12/2009           23680 80            21882.00             1798 80    ST
       500 0000  POWERSHARES DB AGRICULTURE FUND - 73936B408 - MINOR = 450
              SOLD                        03/03/2010           12554 84
              ACQ           500 0000      06/03/2009           12554 84            14000 00            -1445 16    ST
       500 0000  POWERSHARES DB BASE METALS FUND - 73936B705 - MINOR = 450
              SOLD                        03/03/2010           10724 86
              ACQ           500 0000      06/19/2009           10724.86             7740 00             2984 86    ST
       100 0000  PRUDENTIAL FINANCIAL INC COM - 744320102 - MINOR = 420
              SOLD                        04/22/2010            6436 89
              ACQ           100.0000      02/18/2010            6436 89             5117 53             1319 36    ST
       250 0000  QUALCOMM INC COM - 747525103 - MINOR = 435
              SOLD                        09/14/2010           10247 35
              ACQ           250 0000      03/07/2005           10247 35             9365 00              882 35    LT15
       826 9020  TARGET SMALL CAPITALIZATION VALUE PORTFOLIO - 875921306 - MINOR = 496
              SOLD                        03/19/2010           15000 00
              ACQ           599 7380      05/04/2009           10879 25             8204 42             2674 83    ST
                            227 1640      06/19/2009            4120.75             3109 88             1010 87    ST
     25000 0000  US TREASURY NOTE 3 625% DTD 01/15/2005 DUE 01/15/2010 - 912828DG2 - MINOR = 035
              SOLD                        01/15/2010           24319 34
              ACQ         25000 0000      01/10/2006           24319.34            24319 34                0 00    LT15
     25000 0000  US TREASURY NOTE 4.0% DTD 03/15/05 DUE 03/15/2010 - 912828DP2 - MINOR = 035
              SOLD                        03/15/2010           25000 00
              ACQ         25000 0000      03/18/2005           25000 00            24820.31              179 69    LT15
```

```
ACCT D43K  430041012                  DAVID & CO. NOMINEE                                        PAGE 53
FROM 01/01/2010                       STATEMENT OF CAPITAL GAINS AND LOSSES
TO   12/31/2010                       CTUA PADDISON FOUNDATION                                   RUN 04/25/2011
                                                                                                     10 23 57 AM
                                      TRUST YEAR ENDING  12/31/2010

TAX PREPARER         B D
TRUST ADMINISTRATOR: JFB                                LEGEND:  F - FEDERAL     S - STATE     I - INHERITED
INVESTMENT OFFICER   RHL                                         E - EXEMPT FROM STATE  U - ACQ COST UNKNOWN

PROPERTY DESCRIPTION        SHARES        DATE            SALES PRICE        COST BASIS          GAIN/LOSS    TERM
--------------------        ------        ----            -----------        ----------          ---------    ----

        50 0000  UNITED TECHNOLOGIES CORP COM - 913017109 - MINOR = 430
              SOLD                     03/19/2010           3670 95
              ACQ         50 0000      11/09/2005           3670.95             2628 50            1042.45    LT15
        50 0000  UNITED TECHNOLOGIES CORP COM - 913017109 - MINOR = 430
              SOLD                     04/22/2010           3808 43
              ACQ         50 0000      11/09/2005           3808 43             2628 50            1179 93    LT15
           0000  SECURITIES LITIGATION - LITIGATION
              SOLD                     10/01/2010            173 11
              ACQ                                            173 11                                 173.11    LT15
  **CHANGED** 02/01/11 B D
           0000  SECURITIES LITIGATION - LITIGATION
              SOLD                     10/01/2010            202 06
              ACQ                                            202 06                                 202.06    LT15
  **CHANGED** 02/01/11 B D
          .0000  SECURITIES LITIGATION - LITIGATION
              SOLD                     12/31/2010             46 96
              ACQ                                             46 96                                  46 96    LT15
  **CHANGED** 02/01/11 B D
                                                       --------------     --------------
                                      TOTALS              380974 51          408744 40      (27,769)
                                                       ==============     ==============
```