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**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation****2010**Department of the Treasury
Internal Revenue Service

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

For calendar year 2010, or tax year beginning 12/01 , **2010, and ending** 11/30 , 2011**G** Check all that apply: ☐ Initial return ☐ Initial Return of a former public charity ☐ Final return
☐ Amended return ☒ Address change ☐ Name changeTHE ROBERT AND AUDREY TALBOTT FOUNDATION
P.O. BOX 221277
CARMEL, CA 93922-1277**A** Employer identification number

77-0389983

B Telephone number (see the instructions)

(831) 622-9868

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, column (c), line 16) **J** Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify) _____

▶ \$ 5,728,865.

(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) (see the instructions))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (att sch)	1,255.			
2 Ck ▶ ☒ if the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	104,706.	104,706.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain/(loss) from sale of assets not on line 10	135,961.			
b Gross sales price for all assets on line 6a	1,507,248.			
7 Capital gain net income (from Part IV, line 2)		135,961.		
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 (loss) (att sch)				
11 Other income (attach schedule)	120,061.	72,191.	47,870.	
12 Total: Add lines 1 through 11	361,983.	312,858.	47,870.	
13 Compensation of officers, directors, trustees, etc	136,500.	68,250.		68,250.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)	635.	222.		413.
b Accounting fees (attach sch)				
c Other prof fees (attach sch)				
17 Interest				
18 Taxes (attach schedule) (see instr)	2,319.	10.		
19 Depreciation (attach sch) and depletion				
20 Occupancy	13,069.	4,574.		8,495.
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule)	69,476.	31,450.	30,318.	7,708.
24 Total operating and administrative expenses. Add lines 13 through 23	221,999.	104,506.	30,318.	84,866.
25 Contributions, gifts, grants paid PART XV	275,500.			275,500.
26 Total expenses and disbursements. Add lines 24 and 25	497,499.	104,506.	30,318.	360,366.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-135,516.			
b Net investment income (if negative, enter -0-)		208,352.		
c Adjusted net income (if negative, enter -0-)			17,552.	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end of year amounts only (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
ASSETS	1	Cash — non-interest-bearing		3,410.	1,442.	1,442.
	2	Savings and temporary cash investments		203,472.	157,136.	157,136.
	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 (attach schedule) (see the instructions)				
	7	Other notes and loans receivable (attach sch)				
		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 (attach schedule)				
	b	Investments — corporate stock (attach schedule) STATEMENT 5	1,835,180.	2,657,717.	2,653,255.	
	c	Investments — corporate bonds (attach schedule) STATEMENT 6	2,023,011.	1,469,166.	1,533,167.	
	11	Investments — land, buildings, and equipment: basis				
	Less: accumulated depreciation (attach schedule)					
12	Investments — mortgage loans	1,435,203.	1,321,257.	1,321,257.		
13	Investments — other (attach schedule) STATEMENT 7	281,915.	39,957.	62,608.		
14	Land, buildings, and equipment: basis					
	Less: accumulated depreciation (attach schedule)					
15	Other assets (describe)					
16	Total assets (to be completed by all filers — see instructions. Also, see page 1, item I)	5,782,191.	5,646,675.	5,728,865.		
LIABILITIES	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	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	5,782,191.	5,646,675.		
	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				
	28	Paid-in or capital surplus, or land, building, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
	30	Total net assets or fund balances (see the instructions)	5,782,191.	5,646,675.		
	31	Total liabilities and net assets/fund balances (see the instructions)	5,782,191.	5,646,675.		

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	5,782,191.
2	Enter amount from Part I, line 27a	2	-135,516.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	5,646,675.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30	6	5,646,675.

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 shares MLC Company)

(b) How acquired
P — Purchase
D — Donation(c) Date acquired
(month, day, year)(d) Date sold
(month, day, year)

1 a CAPITAL GAIN DISTRIBUTIONS	P	VARIOUS	VARIOUS
b MUTUAL FUNDS/STOCK SALES	P	VARIOUS	VARIOUS
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 43,160.			43,160.
b 1,464,088.		1,371,287.	92,801.
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			43,160.
b			92,801.
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	135,961.
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) (see the instructions) If (loss), enter -0- in Part I, line 8]	3	0.

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 the 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 (column (b) divided by column (c))
2009	284,691.	5,867,054.	0.048524
2008	221,200.	5,336,015.	0.041454
2007	226,258.	4,401,970.	0.051399
2006	204,971.	4,757,601.	0.043083
2005	185,889.	4,078,618.	0.045576

2 Total of line 1, column (d)	2	0.230036
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	0.046007
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	5,908,211.
5 Multiply line 4 by line 3	5	271,819.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,084.
7 Add lines 5 and 6	7	273,903.
8 Enter qualifying distributions from Part XII, line 4	8	360,366.

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 the instructions)

1 a 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 instr.)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b		1	2,084.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (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	2,084.
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	2,084.
6 Credits/Payments			
a 2010 estimated tax pmts and 2009 overpayment credited to 2010	6a	2,400.	
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments Add lines 6a through 6d	7	2,400.	
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	0.	
10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	316.	
11 Enter the amount of line 10 to be: Credited to 2011 estimated tax 316. Refunded	11	0.	

Part VII-A Statements Regarding Activities

	Yes	No
1 a 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 the instructions for definition)? <i>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</i>	1b	X
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? <i>If 'Yes,' attach a detailed description of the activities</i>	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? <i>If 'Yes,' attach a conformed copy of the changes</i>	3	X
4 a 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	N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>	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? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	7	X
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) CA		
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 <i>General Instruction G</i> ? <i>If 'No,' attach explanation</i>	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)? <i>If 'Yes,' complete Part XIV</i>	9	X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>	10	X

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Part VII-A. Statements Regarding Activities (Continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address <u>N/A</u>	13	X	
14	The books are in care of <u>ROBERT TALBOTT</u> Telephone no <u>(831) 622-9868</u> Located at <u>126 CLOCKTOWER PLACE, SUITE 209 CARMEL CA</u> ZIP + 4 <u>93922</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year <u>N/A</u>	15		N/A
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	Yes	No
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If 'Yes,' enter the name of the foreign country <u></u>			X

Part VII-B. Statements Regarding Activities for Which Form 4720 May Be Required**File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.**

	Yes	No
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ 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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here ☐	1b	N/A
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 <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
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 the instructions.)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.</i>)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	X

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Part VII-B. Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ 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)?

5b N/A

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 (see instructions).

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 8		136,500.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1— see instructions). 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 (see instructions). 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 (see instructions)

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

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	4,431,581.
b	Average of monthly cash balances	1b	188,373.
c	Fair market value of all other assets (see instructions)	1c	1,378,230.
d	Total (add lines 1a, b, and c)	1d	5,998,184.
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	5,998,184.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	89,973.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5,908,211.
6	Minimum investment return. Enter 5% of line 5	6	295,411.

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	295,411.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	2,084.
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	2,084.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	293,327.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	293,327.
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	293,327.

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	360,366.
b	Program-related investments — total from Part IX-B	1b	
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	360,366.
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 (see instructions)	5	2,084.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	358,282.

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				293,327.
2 Undistributed income, if any, as of the end of 2010:				
a Enter amount for 2009 only			261,051.	
b Total for prior years: 20____, 20____, 20____		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 ▶ \$ 360,366.				
a Applied to 2009, but not more than line 2a			261,051.	
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				99,315.
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 instructions			0.	
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				194,012.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see instructions)	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				

N/A

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

- b** 85% of line 2a

- e** Qualifying distributions made directly for active conduct of exempt activities
Subtract line 2d from line 2c

- a 'Assets' alternative test – enter:**

- (1) Value of all assets

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

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

- c 'Support' alternative test – enter:

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

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

- (3) Largest amount of support from an exempt organization**

- (4) Gross investment income**

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

SEE STATEMENT 9

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

SEE STATEMENT FOR LINE 2A

- c Any submission deadlines

SEE STATEMENT FOR LINE 2A

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

SEE STATEMENT FOR LINE 2A

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year SEE STATEMENT 10				
Total			3a	275,500.
b Approved for future payment				
Total			3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	104,706.	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	72,191.	
8 Gain or (loss) from sales of assets other than inventory					135,961.
9 Net income or (loss) from special events			1	17,552.	
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)				194,449.	135,961.
13 Total. Add line 12, columns (b), (d), and (e)				13	330,410.

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

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THE ROBERT AND AUDREY TALBOTT FOUNDATION

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STATEMENT 1
FORM 990-PF, PART I, LINE 11
OTHER INCOME

	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
INCOME FROM SPECIAL EVENTS	\$ 47,870.		\$ 47,870.
OTHER INVESTMENT INCOME	72,191.	72,191.	
TOTAL	\$ 120,061.	\$ 72,191.	\$ 47,870.

STATEMENT 2
FORM 990-PF, PART I, LINE 16A
LEGAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TOTAL	\$ 635.	\$ 222.	\$ 0.	\$ 413.

STATEMENT 3
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FRANCHISE TAX BOARD	\$ 10.	\$ 10.		
INTERNAL REVENUE SERVICE	2,309.			
TOTAL	\$ 2,319.	\$ 10.	\$ 0.	\$ 0.

STATEMENT 4
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK FEES	\$ 1,219.	\$ 427.		\$ 792.
BROKERAGE ACCOUNT FEES	27,299.	27,299.		
CLEANING SERVICE	600.	210.		390.
DUES AND SUBSCRIPTIONS	375.	131.		244.
MEALS & ENTERTAINMENT	1,110.	389.		721.
OFFICE EXPENSES	6,566.	2,298.		4,268.
OTHER FEES	75.	26.		49.
POSTAGE AND MAILING	85.	30.		55.
SPECIAL EVENT EXPENSES	30,318.		\$ 30,318.	
TELEPHONE/INTERNET	1,829.	640.		1,189.
TOTAL	\$ 69,476.	\$ 31,450.	\$ 30,318.	\$ 7,708.

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THE ROBERT AND AUDREY TALBOTT FOUNDATION

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STATEMENT 5
FORM 990-PF, PART II, LINE 10B
INVESTMENTS - CORPORATE STOCKS

<u>CORPORATE STOCKS</u>	<u>VALUATION METHOD</u>	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
MASTERS SELECT VALUE FUND	COST	\$ 150,414.	\$ 135,273.
MASTERS SELECT EQUITY FUND	COST	385,267.	377,161.
OAKMARK GLOBAL I FUND	COST	173,042.	185,358.
MASTERS SELECT INTERNATIONAL FUND	COST	364,829.	337,274.
MASTERS SELECT FOCUSED OPPORT FUND	COST	329,933.	315,836.
LONGLEAF PARTNERS FUND	COST	16,597.	29,810.
FAIRHOLME FUND	COST	143,155.	135,483.
BRANDYWINE BLUE FUND	COST	73,605.	64,826.
TOUCHSTONE SANDS CAPITAL INST'L GROWTH	COST	56,974.	70,421.
OSTERWEIS	COST	0.	0.
BBH CORE SELECT FUND	COST	128,500.	135,597.
LITMAN GREGORY MASTERS ALT STRATEGIES FD	COST	300,000.	307,474.
VANGUARD MCSI EMERGING MARKETS	COST	169,929.	189,609.
OSTERWEIS FUND SR5 MANAGED FUND	COST	46,553.	51,005.
DOUBLE LINE TOTAL RETURN FUND	COST	185,000.	183,813.
FMI LARGE CAP FUND	COST	133,919.	134,315.
	TOTAL	\$ 2,657,717.	\$ 2,653,255.

STATEMENT 6
FORM 990-PF, PART II, LINE 10C
INVESTMENTS - CORPORATE BONDS

<u>CORPORATE BONDS</u>	<u>VALUATION METHOD</u>	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
LOOMIS SAYLES BOND FUND	COST	\$ 214,096.	\$ 259,908.
PIMCO TOTAL RETURN INSTITUTIONAL FUND	COST	259,962.	263,380.
PIMCO EMERGING LOCAL BOND INSTL	COST	218,163.	221,234.
PIMCO UNCONSTRAINED BOND FUND	COST	473,358.	486,496.
OSTERWEIS STRATEGIC INCOME	COST	303,587.	302,149.
	TOTAL	\$ 1,469,166.	\$ 1,533,167.

STATEMENT 7
FORM 990-PF, PART II, LINE 13
INVESTMENTS - OTHER

<u>OTHER PUBLICLY TRADED SECURITIES</u>	<u>VALUATION METHOD</u>	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
AQR DIVERSIFIED ARBITRAGE I	COST	\$ 0.	\$ 0.
ARBITRAGE I	COST	0.	0.
SPDR GOLD TRUST, GOLD SHARES	COST	39,957.	62,608.
	TOTAL	\$ 39,957.	\$ 62,608.

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THE ROBERT AND AUDREY TALBOTT FOUNDATION

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STATEMENT 8
FORM 990-PF, PART VIII, LINE 1
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
ROBERT S. TALBOTT 2901 MONTEREY-SALINAS HIGHWAY MONTEREY, CA 93940	PRESIDENT 0	\$ 0.	\$ 0.	\$ 0.
SARAH CASE TALBOTT P.O. BOX 221277 CARMEL, CA 93922-1277	DIRECTOR 0	0.	0.	0.
RONALD A. PARRAVANO P.O. BOX 728 CARMEL VALLEY, CA 93924	SEC/TREAS 40	136,500.	0.	0.
BILL DOOLITTLE P.O. BOX 221277 CARMEL, CA 93922-1277	DIRECTOR 0	0.	0.	0.
JOHN H. GIBBONS P.O. BOX 1879 SALINAS, CA 93902	DIRECTOR 0	0.	0.	0.
KATHY HERBERMANN P.O. BOX 221277 CARMEL, CA 93922-1277	DIRECTOR 0	0.	0.	0.
MARY O'NEAL P.O. BOX 221277 CARMEL, CA 93922-1277	DIRECTOR 0	0.	0.	0.
TOTAL		\$ 136,500.	\$ 0.	\$ 0.

STATEMENT 9
FORM 990-PF, PART XV, LINE 2A-D
APPLICATION SUBMISSION INFORMATION

NAME OF GRANT PROGRAM:

NAME:

CARE OF:

STREET ADDRESS:

CITY, STATE, ZIP CODE:

TELEPHONE:

FORM AND CONTENT:

SUBMISSION DEADLINES:

RESTRICTIONS ON AWARDS:

ROBERT TALBOTT

THE ROBERT AND AUDREY TALBOTT FOUNDATION

126 CLOKTOWER PLACE, SUITE 209

CARMEL, CA 93922

GRANT REQUEST PROCEDURES AVAILABLE UPON REQUEST

JANUARY 1ST OF BEGINNING OF YEAR

THE FOUNDATION PROVIDES GRANTS FOR EDUCATIONAL PURPOSES
AND CHILDREN AND YOUTH FOR ENRICHMENT AND COMMUNITY
PROGRAMS.

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STATEMENT 10
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
ALL SAINTS SCHOOL 8060 CARMEL VALLEY ROAD CARMEL, CA 93923	N/A	PUBLIC	TUITION ASSISTANCE PROGRAM	\$ 20,000.
YORK SCHOOL 9501 YORK ROAD MONTEREY, CA 93940	N/A	PUBLIC	TUITION ASSISTANCE PROGRAM	20,000.
CHARTWELL SCHOOL 2511 NUMBA WATSON ROAD SEASIDE, CA 93955	N/A	PUBLIC	TUITION ASSISTANCE PROGRAM	20,000.
SANTA CATALINA SCHOOL 1500 MARK THOMAS DRIVE MONTEREY, CA 93940	N/A	PUBLIC	FINANCIAL AID PROGRAM	20,000.
COMMUNITY PARTNERSHIP FOR YOUTH P.O. BOX 42 MONTEREY, CA 93942	N/A	PUBLIC	EDUCATIONAL PURPOSES	20,000.
MONTEREY COUNTY YOUTH MUSEUM 601 WAVE STREET, SUITE 100 MONTEREY, CA 93940	N/A	PUBLIC	AFTER SCHOOL EDUCATION & OUTREACH PROGRAM	10,000.
RANCHO CIELO BOYS RANCH P.O. BOX 6948 SALINAS, CA 93912	N/A	PUBLIC	CULINARY PROGRAM FOR AT-RISK YOUTH	10,000.
HILTON BIALEK BIOLOGIC SCIENCE P.O. BOX 222740 CARMEL, CA 93922	N/A	PUBLIC	MARINE POLLUTION PREVENTION EDUCATION	7,500.
LOYOLA MARYMONT UNIVERSITY 1 LMU DRIVE LOS ANGELES, CA 90045	N/A	PUBLIC	ART SCHOLARSHIPS PROGRAM	25,000.
FIRST NIGHT MONTEREY 542 ARCHER STREET MONTEREY, CA 93940	N/A	PUBLIC	ARTWORKS AFTER SCHOOL PROGRAM	4,500.
PALMA HIGH SCHOOL 919 IVERSON STREET SALINAS, CA 93901	N/A	PUBLIC	TUITION ASSISTANCE	10,000.
COMMUNITY HUMAN SERVICES 2560 GARDEN ROAD, SUITE 201-B MONTEREY, CA 93940	N/A	N/A	RUNAWAY/HOMELESS YOUTH PROGRAM	5,000.

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STATEMENT 10 (CONTINUED)
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
BOYS AND GIRLS CLUB - SEASIDE P.O. BOX 97 SEASIDE, CA 93955	N/A	PUBLIC	AFTER SCHOOL HOMEWORK PROGRAM	\$ 10,000.
CASA 201 MONTEREY SALINAS HWY, STE F SALINAS, CA 93908	N/A	PUBLIC	COURT APPOINTED CHILD ADVOCATES PROGRAM	10,000.
FOUNDATION FOR MTRY CNTY FREE LIBRARIES 450 LINCOLN AVE, STE 203 SALINAS, CA 93901	N/A	PUBLIC	HOMEWORK PROGRAM	5,000.
KIDPOWER P.O. BOX 1212 SANTA CRUZ, CA 95061	N/A	PUBLIC	MIGRANT CHILDREN OUTREACH/ENRICHM ENT	5,000.
MONTEREY COUNTY RAPE CRISIS CENTER P.O. BOX 2630 MONTEREY, CA 93942	N/A	PUBLIC	CHILD ABUSE PREVENTION PROGRAM	5,000.
MONTEREY JAZZ FESTIVAL 9699 BLUE LARKSPUR LANE, STE 204 MONTEREY, CA 93940	N/A	PUBLIC	STUDENT JAZZ EDUCATION PROGRAM	10,000.
YOUTH ORCHESTRA SALINAS, INC 820 PARK ROW #672 SALINAS, CA 93901	N/A	PUBLIC	SUPPORT OF YOUTH MUSIC PROGRAM	7,500.
MONTEREY BAY AQUARIUM 886 CANNERY ROW MONTEREY, CA 93940	N/A	PUBLIC	SUPPORT EDUCATIONAL PROGRAM	5,000.
SUNSET CULTURAL CENTER P.O. BOX 1950 CARMEL , CA 93921		PUBLIC	SUPPORT EDUCATIONAL PROGRAM	5,000.
YOUTH ARTS COLLECTIVE, INC 472 CALLE PRINCIPAL MONTEREY, CA 93940	N/A	PUBLIC	SUPPORT YOUTH ARTS PROGRAM	5,000.
HARMONY AT HOME 3785 VIA NONA MARIE CARMEL, CA 93923	N/A	PUBLIC	SUPPORT EDUCATIONAL PROGRAMS	5,000.

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THE ROBERT AND AUDREY TALBOTT FOUNDATION

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STATEMENT 10 (CONTINUED)
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
LYCEUM OF MONTEREY COUNTY 1073 SIXTH STREET MONTEREY, CA 93955	N/A	PUBLIC	SUPPORT EDUCATIONAL PROGRAMS	\$ 6,000.
SALINAS COMMUNITY YMCA 500 LINCOLN AVENUE SALINAS, CA 93901	N/A	PUBLIC	SUPPORT EDUCATIONAL PROGRAMS	2,500.
COLLEAGUES OF THE ARTS P.O. BOX 221667 CARMEL, CA 93922	N/A	PUBLIC	SUPPORT EDUCATIONAL PROGRAMS	2,500.
MONTEREY PENINSULA COLLEGE FOUNDATION 980 FREMONT BLVD, SUITE 130 MONTEREY, CA 93940	N/A	PUBLIC	SUPPORT EDUCATIONAL PROGRAMS	7,500.
KINSHIP CENTER 124 RIVER ROAD SALINAS, CA 93908	N/A	PUBLIC	SUPPORT EDUCATIONAL PROGRAMS	10,000.
CARMEL BACH FESTIVAL P.O. BOX 575 CARMEL, CA 93921	N/A	PUBLIC	SUPPORT EDUCATIONAL PROGRAMS	2,500.
TOTAL				\$ 275,500.