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

2011

For calendar year 2011, or tax year beginning , 2011, and ending ,

HOBART & LOTTIE FAULKNER FOUNDATION
6702035070
UNION BANK, P.O. BOX 45174
SAN FRANCISCO, CA 94145-0174

A Employer identification number 95-4446743

B Telephone number (see the instructions) (415) 705-7664

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 ► ☐

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

H Check type of organization: [X] 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) ►$ 3,598,168.

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

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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 instructions).)

	Line	(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 (att sch)				
	2 Ck ► [X] if the foundn is **not** req to att Sch B				
	3 Interest on savings and temporary cash investments	12.	12.		
	4 Dividends and interest from securities	115,902.	115,902.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	45,214.			
	b Gross sales price for all assets on line 6a 87,266.				
	7 Capital gain net income (from Part IV, line 2)		45,214.		
	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)				
	12 **Total.** Add lines 1 through 11	161,128.	161,128.	0.	
OPERATING AND ADMINISTRATIVE EXPENSES	13 Compensation of officers, directors, trustees, etc	31,845.	15,923.		15,922.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach sch) See St 1	2,175.	1,087.		1,088.
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule)(see instrs) See Stm 2	4,382.			
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) See Statement 3	288.	139.		149.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	38,690.	17,149.		17,159.
	25 Contributions, gifts, grants paid Part XV	163,000.			163,000.
	26 **Total expenses and disbursements.** Add lines 24 and 25	201,690.	17,149.	0.	180,159.
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	-40,562.			
	b **Net investment income** (if negative, enter -0-)		143,979.		
	c **Adjusted net income** (if negative, enter -0-)			0.	

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 (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
ASSETS	1 Cash — non-interest-bearing			
	2 Savings and temporary cash investments	43,681.	6,134.	6,134.
	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 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)	766,862.	749,215.	2,107,203.
	c Investments — corporate bonds (attach schedule)			
	11 Investments – land, buildings, and equipment: basis ►			
	Less accumulated depreciation (attach schedule) ►			
	12 Investments – mortgage loans			
	13 Investments – other (attach schedule)			
	14 Land, buildings, and equipment: basis ►			
	Less: accumulated depreciation (attach schedule) ►			
	15 Other assets (describe ► See Statement 4)	1,410,434.	1,425,066.	1,484,831.
	16 **Total assets** (to be completed by all filers — see the instructions. Also, see page 1, item I)	2,220,977.	2,180,415.	3,598,168.
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			
	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	2,220,977.	2,180,415.	
	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 instructions)	2,220,977.	2,180,415.	
	31 **Total liabilities and net assets/fund balances** (see instructions)	2,220,977.	2,180,415.	

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	2,220,977.
2	Enter amount from Part I, line 27a	2	-40,562.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	2,180,415.
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	2,180,415.

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)
1a	See Statement 5			
b				
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				
b				
c				
d				
e				

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

	(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	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				
b				
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	45,214.
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 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))
2010	166,726.	3,500,803.	0.047625
2009	144,480.	3,104,502.	0.046539
2008	191,445.	3,608,913.	0.053048
2007	107,193.	3,928,939.	0.027283
2006	250,304.	3,679,592.	0.068025

2	**Total** of line 1, column (d)	2	0.242520
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	0.048504
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	3,655,944.
5	Multiply line 4 by line 3	5	177,328.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,440.
7	Add lines 5 and 6	7	178,768.
8	Enter qualifying distributions from Part XII, line 4	8	180,159.

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 instrs)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► [X] and enter 1% of Part I, line 27b		1	1,440.
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	1,440.
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	1,440.
6	Credits/Payments:			
a	2011 estimated tax pmts and 2010 overpayment credited to 2011	6a 3,240.		
b	Exempt foreign organizations– tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d		7	3,240.
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	1,800.
11	Enter the amount of line 10 to be: **Credited to 2012 estimated tax** ► 1,800.	**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 the instructions for definition)?	1b		X
	*If the answer is 'Yes' to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation ► $ 0. **(2)** On foundation managers ► $ 0.			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► $ 0.			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If 'Yes,' attach a detailed description of the activities.*	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If 'Yes,' attach a conformed copy of the changes*	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If 'Yes,' has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If 'Yes,' attach the statement required by General Instruction T.*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If 'Yes,' complete Part II, column (c), and Part XV*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see 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 *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 2011 or the taxable year beginning in 2011 (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)*

		Line	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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)	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 ► UNION BANK Telephone no. ► (415) 705-7667

Located at ► 350 CALIFORNIA ST, STE 1700 SAN FRANCISCO CA ZIP + 4 ► 94104-0174

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** – Check here N/A ► ☐

and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A

		Line	Yes	No
16	At any time during calendar year 2011, 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 the instructions for exceptions and filing requirements for Form TD F 90-22 1. If 'Yes,' enter the name of the foreign country ►			

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

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

			Line	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 instructions)?		1b	N/A	
	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 2011?		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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? If 'Yes,' list the years ► 20__ , 20__ , 20__ , 20__ .	☐ Yes ☒ No			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer 'No' and attach statement– see instructions)		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 ► 20__ , 20__ , 20__ , 20__				
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 2011 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 2011)*		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 2011?		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)? (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 (No)

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
UNION BANK 9460 WILSHIRE BLVD, 8TH FLOOR BEVERLY HILLS, CA 90212	Trustee 9.00	31,845.	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.

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	2,207,771.
b Average of monthly cash balances	1b	31,988.
c Fair market value of all other assets (see instructions)	1c	1,471,859.
d **Total** (add lines 1a, b, and c)	1d	3,711,618.
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	3,711,618.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	55,674.
5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,655,944.
6 **Minimum investment return.** Enter 5% of line 5	6	182,797.

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	182,797.
2a Tax on investment income for 2011 from Part VI, line 5 2a 1,440.		
b Income tax for 2011. (This does not include the tax from Part VI.) 2b		
c Add lines 2a and 2b	2c	1,440.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	181,357.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	181,357.
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	181,357.

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	180,159.
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	180,159.
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	1,440.
6 **Adjusted qualifying distributions.** Subtract line 5 from line 4	6	178,719.

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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7					181,357.
2 Undistributed income, if any, as of the end of 2011					
a Enter amount for 2010 only				0.	
b Total for prior years. 20___, 20___, 20___			0.		
3 Excess distributions carryover, if any, to 2011					
a From 2006	3,496.				
b From 2007					
c From 2008	14,697.				
d From 2009					
e From 2010					
f Total of lines 3a through e		18,193.			
4 Qualifying distributions for 2011 from Part XII, line 4: ► $ 180,159.					
a Applied to 2010, 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 2011 distributable amount					180,159.
e Remaining amount distributed out of corpus		0.			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)		1,198.			1,198.
6 Enter the net total of each column as indicated below:					
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5		16,995.			
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 2010. Subtract line 4a from line 2a. Taxable amount – see instructions				0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012					0.
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 2006 not applied on line 5 or line 7 (see instructions)		2,298.			
9 **Excess distributions carryover to 2012.** Subtract lines 7 and 8 from line 6a		14,697.			
10 Analysis of line 9.					
a Excess from 2007					
b Excess from 2008	14,697.				
c Excess from 2009					
d Excess from 2010					
e Excess from 2011					

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, 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) 2011	**(b)** 2010	**(c)** 2009	**(d)** 2008	**(e) Total**
2a 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 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 ► [X] 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

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

c Any submission deadlines:

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

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 6				
Total			► **3a**	163,000.
b *Approved for future payment*				
Total			► **3b**	

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 (See instructions)
	(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	12.	
4 Dividends and interest from securities			14	115,902.	
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					
8 Gain or (loss) from sales of assets other than inventory			18	45,214.	
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)				161,128.	

13 **Total.** Add line 12, columns (b), (d), and (e) 13 161,128.

(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). (See instructions.)
N/A	

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

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?

		Yes	No
a Transfers from the reporting foundation to a noncharitable exempt organization of.			
(1) Cash	1 a (1)		X
(2) Other assets	1 a (2)		X
b Other transactions·			
(1) Sales of assets to a noncharitable exempt organization	1 b (1)		X
(2) Purchases of assets from a noncharitable exempt organization	1 b (2)		X
(3) Rental of facilities, equipment, or other assets	1 b (3)		X
(4) Reimbursement arrangements	1 b (4)		X
(5) Loans or loan guarantees	1 b (5)		X
(6) Performance of services or membership or fundraising solicitations	1 b (6)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1 c		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) is based on all information of which preparer has any knowledge

► J Hamilton | APR 20 2012 | ► AVP

Signature of officer or trustee | Date | Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☒ if self-employed	PTIN
Adel Moussa	Adel Moussa	3/16/12		P00274367

Firm's name ► Adel Moussa — Firm's EIN ► 95-4893068

Firm's address ► 12815 Caswell Avenue, Suite 2, Los Angeles, CA 90066 — Phone no (310) 398-3270

Statement 1
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
TAX PREPARATION FEES	$ 2,175.	$ 1,087.		$ 1,088.
Total	$ 2,175.	$ 1,087.	$ 0.	$ 1,088.

Statement 2
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
EXCISE TAX	$ 4,382.			
Total	$ 4,382.	$ 0.	$ 0.	$ 0.

Statement 3
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
FILING FEE	$ 10.			$ 10.
MISC EXPENSES	278.	$ 139.		139.
Total	$ 288.	$ 139.	$ 0.	$ 149.

Statement 4
Form 990-PF, Part II, Line 15
Other Assets

	Book Value	Fair Market Value
ACCRUED INCOME	$ 1,555.	$ 1,555.
COMMON TRUST FUNDS	1,423,511.	1,483,276.
Total	$ 1,425,066.	$ 1,484,831.

Statement 5
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
1	2,445 CHARITABLE INCOME FUIND	Purchased	9/30/1993	6/24/2011
2	1,000 HEWLETT PACKARD	Purchased	Various	8/19/2011
3	COMMON TR FD CAPITAL GAINS DIST	Purchased	Various	Various
4	COMMON TR FD CAPITAL GAINS DIST	Purchased	Various	Various
5	BANK OF AMERICA CLASS ACTION	Purchased	Various	10/13/2011
6	Capital Gain Dividends			

Item	(e) Gross Sales	(f) Deprec. Allowed	(g) Cost Basis	(h) Gain (Loss)	(i) FMV 12/31/69	(j) Adj. Bas. 12/31/69	(k) Excess (i)-(j)	(l) Gain (Loss)
1	25,007.		24,399.	608.				$ 608.
2	23,506.		17,647.	5,859.				5,859.
3	6,711.		0.	6,711.				6,711.
4	30,750.		0.	30,750.				30,750.
5	104.		6.	98.				98.
6								1,188.
							Total	$ 45,214.

Statement 6
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Foundation Status	Purpose of Grant	Amount
AMERICAN CANCER SOCIETY P.O. BOX 720366 OKLAHOMA CITY, OK 73162		PUBLIC	MEDICAL	$ 65,200.
AMERICAN HEART ASSN 1710 GILBRETH RD BURLINGAME, CA 94010		PUBLIC	MEDICAL	40,750.
ARTHRITIS FOUNDATION 800 W SIXTH ST. SUTIE 1250 LOS ANGELES, CA 90017		PUBLIC	MEDICAL	8,150.
AZUSA PACIFIC UNIVERSITY 901 EAST ALOSTA AZUSA, CA 91702		PUBLIC	EDUCATION	8,150.
CITY OF HOPE 1500 E DUARTE RD DUARTE, CA 91010		PUBLIC	MEDICAL	21,190.
PEPPERDINE UNIVERSITY 24255 PACIFIC COAST HWY MALIBU, CA 90263		PUBLIC	EDUCATION	8,150.

Statement 6 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Foundation Status	Purpose of Grant	Amount
L.A. BREAKFAST CLUB FDN 3201 RIVERSIDE DR LOS ANGELES, CA 90027		PUBLIC	CHARITABLE	$ 3,260.
UNIVERSITY OF FINDLAY 1000 NORTH MAIN STREET FINDLAY, OH 45840		PUBLIC	EDUCATION	8,150.
			Total	$ 163,000.

UnionBank
The Private Bank

Account Number
6702035070

Account Name
FAULKNER, HOBART/LOTTIE FOUNDATION

Account Statement

Statement Period
December 1 2011 through December 31, 2011

Asset Detail - Principal Portfolio

Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
HighMark Money Market Funds								
Cash Equivalents - HighMark-Money Market-Taxable								
HIGHMARK DIVERSIFIED MMKT FUND FIDUCIARY SHS ***CASH MANAGEMENT SWEEP***	431114883S	6,133 820	6,133 87	6,133 82	1 0000 12/30/2011	0 17%	0 02%	1 21
Total Cash & Cash Equivalents		6,133 820	$6,133.82	$6,133 82		0 17%	0 02%	$1.21

Funds

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Fixed Income Fds - Taxable								
Funds - General Bond - Long-Term Bond								
UNION BANK CHARITABLE INCOME FUND FOR PERSONAL TRUSTS	014009005	143,666 000	1,423,511 40	1,483,276 46	10 3245 12/31/2011	41 24%	4 63%	68,681 67
Total Funds		143,666 000	$1,423,511 40	$1,483,276 46		41.24%	4 63%	$68,681 67

Equities

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
ADR's								
Telecommunication Services - Telecommunication Services								
VODAFONE GROUP PLC NEW SPONS ADR NEW	92857W209	1,312 000	11,004 12	36,775 36	28 0300 12/30/2011	1 02%	5 15%	1,893 22

UnionBank
The Private Bank

Account Number
6702035070

Account Name
FAULKNER, HOBART/LOTTIE FOUNDATION

Account Statement

Statement Period
December 1, 2011 through December 31, 2011

Asset Detail - Principal Portfolio (continued)

Equities

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Common Stock								
Energy - Energy								
BAKER HUGHES INC COM	057224107	1,500 000	57,086 25	72,960 00	48 6400 12/30/2011	2 03%	1 23%	900 00
CHEVRON CORP NEW COM	166764100	2,000 000	48,775 00	212,800 00	106 4000 12/30/2011	5 92%	3 05%	6,480 00
EXXON MOBIL CORP COM	30231G102	1,400 000	51 541 00	118,664 00	84 7600 12/30/2011	3 30%	2 22%	2,632 00
Materials - Materials								
ECOLAB INC COM	278865100	2,200 000	41,305 00	127,182 00	57 8100 12/30/2011	3 54%	1 38%	1,760 00
QEP RES INC COM	74733V100	3,500 000	16,075 32	102 550 00	29 3000 12/30/2011	2 85%	0 27%	280 00
WEYERHAEUSER CO COM	962166104	1.954 000	50,817 16	36 481 18	18 6700 12/30/2011	1 01%	3 21%	1,172 40
Industrials - Capital Goods								
DEERE & CO COM	244199105	1,600 000	17,227 99	123,760 00	77 3500 12/30/2011	3 44%	2 12%	2,624 00
GENERAL ELECTRIC CO COM	369604103	4,500 000	31,804 69	80,595 00	17 9100 12/30/2011	2 24%	3 80%	3,060 00
Consumer Discretionary - Media								
COMCAST CORP NEW CL A	20030N101	436 000	10,571 37	10,337 56	23 7100 12/30/2011	0 29%	1 90%	196 20

DST 00068129

Asset Detail - Principal Portfolio (continued)

Equities

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Common Stock								
Consumer Discretionary - Media								
DISNEY WALT CO COM DISNEY	254687106	1,700 000	50,103 51	63,750 00	37 5000 12/30/2011	1 77%	1 60%	1,020 00
Consumer Discretionary - Retailing								
TARGET CORP COM	87612E106	4,000 000	25,389 00	204,880 00	51 2200 12/30/2011	5 70%	2 34%	4,800.00
Consumer Staples - Food & Staples Retailing								
WAL MART STORES INC COM	931142103	2,000 000	38,087 50	119,520 00	59 7600 12/30/2011	3 32%	2 44%	2,920 00
Consumer Staples - Food Beverage & Tobacco								
PEPSICO INC COM	713448108	1,600 000	31,141 09	106,160 00	66 3500 12/30/2011	2 95%	3 10%	3,296 00
Health Care - Health Care Equipment&Services								
EDWARDS LIFESCIENCES CORP COM	28176E108	740 000	980 91	16,968 00	70 7000 12/30/2011	0 47%	0 00%	0 00
MEDCO HEALTH SOLUTIONS INC COM	58405U102	554 000	2,455 64	30,968.60	55 9000 12/30/2011	0 86%	0 00%	0 00
Health Care - Pharmaceutical & Biotechnology								
LIFE TECHNOLOGIES CORP COM	53217V109	1,817 000	29,538 17	70,699 47	38 9100 12/30/2011	1 97%	0 00%	0 00

Asset Detail - Principal Portfolio (continued)

Equities

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Common Stock								
Financials - Diversified Financials								
BANK OF AMERICA CORPORATION COM	060505104	3,400 000	33,959 44	18,904 00	5 5600 12/30/2011	0 53%	0 72%	136 00
JPMORGAN CHASE & CO COM	46625H100	1,850 000	33,177 50	61,512 50	33 2500 12/30/2011	1 71%	3 01%	1,850 00
Information Technology - Software & Services								
MICROSOFT CORP COM	594918104	800 000	26,856 00	20,768 00	25 9600 12/30/2011	0 58%	3 08%	640 00
ORACLE CORP COM	68389X105	700 000	19,803 00	17,955 00	25 6500 12/30/2011	0 50%	0 94%	168 00
Information Technology - Technology Hardware&Equipment								
AGILENT TECHNOLOGIES INC COM	00846U101	381 000	8,930 87	13,308 33	34 9300 12/30/2011	0 37%	0 00%	0.00
CISCO SYS INC COM	17275R102	1,000 000	6,250 00	18,080 00	18 0800 12/30/2011	0 50%	1 33%	240 00
E M C CORP MASS COM	268648102	900 000	19,512 00	19,386 00	21 5400 12/30/2011	0 54%	0 00%	0 00
HEWLETT PACKARD CO COM	428236103	1,000 000	16,037 22	25,760.00	25 7600 12/30/2011	0 72%	1 86%	480 00
INTERNATIONAL BUSINESS MACHS COM	459200101	1,100 000	26,235 00	202,268 00	183 8800 12/30/2011	5 62%	1 63%	3,300 00

UnionBank
The Private Bank

Account Number
6702035070

Account Name
FAULKNER, HOBART/LOTTIE FOUNDATION

Account Statement

Statement Period
December 1 2011 through December 31 2011

Asset Detail - Principal Portfolio (continued)

Equities

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Common Stock								
Information Technology - SemiConduct & SemiEquip								
INTEL CORP COM	458140100	2,400 000	17,475 00	58,200 00	24 2500 12/30/2011	1 62%	3 46%	2,016 00
Telecommunication Services - Telecommunication Services								
CENTURYLINK INC COM	156700106	1,250 000	19,302 78	46,500 00	37 2000 12/30/2011	1 29%	7 80%	3,625 00
Utilities - Utilities								
QUESTAR CORP COM	748356102	3,500 000	7,772 80	69,510 00	19 8600 12/30/2011	1 93%	3 27%	2,275 00
Total Equities		**50,594 000**	**$749,215.33**	**$2,107,203 00**		**58 59%**	**2 27%**	**$47,763 82**
Total Principal Portfolio		**200,393 820**	**$2,178,860 55**	**$3,596,613 28**		**100.00%**	**3.24%**	**$116,446 70**
Total Account Values		**200,393 820**	**$2,178,860 55**	**$3,596,613 28**		**100.00%**	**3 24%**	**$116,446.70**