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**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation****2012**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 2012, or tax year beginning , 2012, and ending

Name of foundation

The Ruth and Vernon Taylor Foundation, Montana

Number and street (or P O box number if mail is not delivered to street address)

1045 Reeves Road East

Room/suite

E

City or town

Bozeman

State ZIP code

MT 59718-7701**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☒ 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)▶ \$ **7,889,606.****J** Accounting method☒ Cash☐ Accrual☐ Other (specify)

(Part I, column (d) must be on cash basis)

A Employer identification number**20-1746884****B** Telephone number (see the instructions)**(406) 587-5594****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 ▶ ☐**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))

(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)**2** Ck ▶ ☒ if the foundn is not req to att Sch B**3** Interest on savings and temporary cash investments**139.****139.****4** Dividends and interest from securities**191,543.****191,543.****5a** Gross rents**b** Net rental income or (loss)**6a** Net gain/(loss) from sale of assets not on line 10**549,978.****L-6a Stmt****b** Gross sales price for all assets on line 6a **7,884,652.****7** Capital gain net income (from Part IV, line 2)**549,978.****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)

See Line 11 Stmt

250,859.**4,403.****12 Total.** Add lines 1 through 11**992,519.****746,063.****13** Compensation of officers, directors, trustees, etc**14** Other employee salaries and wages**15** Pension plans, employee benefits**16a** Legal fees (attach schedule)**b** Accounting fees (attach sch) **L-16b Stmt****2,894.****2,605.****289.****c** Other prof fees (attach sch)**17** Interest**18** Taxes (attach schedule)(see instrs) See Line 18 Stmt**71,296.****5,996.****19** Depreciation (attach sch) and depletion**20** Occupancy**21** Travel, conferences, and meetings**22** Printing and publications**23** Other expenses (attach schedule)

See Line 23 Stmt

5,311.**5,275.****7.****24 Total operating and administrative expenses.** Add lines 13 through 23**79,501.****13,876.****296.****25** Contributions, gifts, grants paid**419,050.****419,050.****26 Total expenses and disbursements.** Add lines 24 and 25**498,551.****13,876.****419,346.****27** Subtract line 26 from line 12:**a Excess of revenue over expenses and disbursements****493,968.****b Net investment income** (if negative, enter -0-)**732,187.****c Adjusted net income** (if negative, enter -0-)

REVENUE

AUG 22 2013

ADMINISTRATIVE AND EXPENSES

20 514

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

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1 Cash — non-interest-bearing	3,332.	31,778.	31,778.
	2 Savings and temporary cash investments	1,935,548.	1,817,163.	1,817,163.
	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) Schedule "A"	5,018,853.	5,607,123.	5,731,761.
	c Investments — corporate bonds (attach schedule) Schedule "A"	433,626.	433,626.	285,500.
	11 Investments — land, buildings, and equipment basis			
Less: accumulated depreciation (attach schedule)				
12 Investments — mortgage loans				
13 Investments — other (attach schedule) Schedule "A"	24,635.	20,272.	22,203.	
14 Land, buildings, and equipment basis				
Less: accumulated depreciation (attach schedule)				
15 Other assets (describe Schedule "A")	0.	0.	1,201.	
16 Total assets (to be completed by all filers — see the instructions. Also, see page 1, item I)	7,415,994.	7,909,962.	7,889,606.	
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)			
FUND ASSETS AND 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.	X		
	27 Capital stock, trust principal, or current funds	7,415,994.	7,909,962.	
	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)	7,415,994.	7,909,962.	
	31 Total liabilities and net assets/fund balances (see instructions)	7,415,994.	7,909,962.	

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	7,415,994.
2 Enter amount from Part I, line 27a	2	493,968.
3 Other increases not included in line 2 (itemize)	3	
4 Add lines 1, 2, and 3	4	7,909,962.
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	7,909,962.

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 See Schedule "B"	P	Various	Various
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 7,884,652.		7,334,674.	549,978.
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) 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 0.	0.	0.	549,978.
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	549,978.
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))
2011	404,414.	8,458,756.	0.047810
2010	354,777.	8,169,931.	0.043425
2009	355,214.	7,279,029.	0.048800
2008	334,732.	7,380,822.	0.045352
2007	104.	6,704,513.	0.000016

2 Total of line 1, column (d)	2	0.185403
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	0.037081
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	8,134,370.
5 Multiply line 4 by line 3	5	301,631.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	7,322.
7 Add lines 5 and 6	7	308,953.
8 Enter qualifying distributions from Part XII, line 4	8	419,346.

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)

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter _____ (attach copy of letter if necessary – see instrs)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	7,322.
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	7,322.
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	7,322.
6 Credits/Payments:			
a 2012 estimated tax pmts and 2011 overpayment credited to 2012	6a	11,339.	
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	11,339.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> 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	4,017.	
11 Enter the amount of line 10 to be Credited to 2013 estimated tax <input type="checkbox"/> Refunded <input checked="" type="checkbox"/>	11		

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?		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>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
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>		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>		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	X	
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	X	
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>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XIV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) MT – Montana		
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>	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 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		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 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? Website address <u>N/A</u>	13	X	
14	The books are in care of <u>James C. Taylor</u> Telephone no <u>(406) 587-5594</u> Located at <u>1045 Reeves Road East, Suite E Bozeman, MT</u> ZIP + 4 <u>59718-7701</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>15</u>			
16	At any time during calendar year 2012, 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.

	Yes	No
1 a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(6) Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here		X
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?		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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? If 'Yes,' list the years <u>20__ , 20__ , 20__ , 20__</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement - see instructions)		
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__ , 20__ , 20__ , 20__</u>		
3 a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If 'Yes,' did it have excess business holdings in 2012 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 2012)		
4 a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		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 2012?		X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5 a** 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)?

5 b

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?☐ Yes ☐ No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d)

6 a 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?

6 b

If 'Yes' to 6b, file Form 8870

X

7 a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?☐ Yes ☒ No

7 b

b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction?**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
James C. Taylor 1045 Reeves Rd. E., Suite E Bozeman MT 59718	Director & Pres. 10.00	0.	0.	0.
Beatrice R. Taylor 1045 Reeves Rd. E., Suite E Bozeman MT 59718	Director & V.P. 0.00	0.	0.	0.
Peggy L. Olson 1045 Reeves Rd. E., Suite E Bozeman MT 59718	Sec/Treas. 10.00	0.	0.	0.
Susan R. Taylor 1045 Reeves Rd. E., Suite E Bozeman MT 59718	Director 0.00	0.	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

None

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		None

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 NONE	
	0.
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NONE	
	0.
2	
All other program-related investments. See instructions.	
3 NONE	
	0.
Total. Add lines 1 through 3	None

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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	1 a	6,253,953.
b Average of monthly cash balances	1 b	2,003,090.
c Fair market value of all other assets (see instructions)	1 c	1,201.
d Total (add lines 1a, b, and c)	1 d	8,258,244.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	
2 Acquisition indebtedness applicable to line 1 assets	2	
3 Subtract line 2 from line 1d	3	8,258,244.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	123,874.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	8,134,370.
6 Minimum investment return. Enter 5% of line 5	6	406,719.

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	406,719.
2a Tax on investment income for 2012 from Part VI, line 5	2 a	7,322.
b Income tax for 2012 (This does not include the tax from Part VI)	2 b	
c Add lines 2a and 2b	2 c	7,322.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	399,397.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	399,397.
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	399,397.

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	1 a	419,346.
b Program-related investments — total from Part IX-B	1 b	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)	3 a	
b Cash distribution test (attach the required schedule)	3 b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	419,346.
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	7,322.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	412,024.

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				399,397.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			411,413.	
b Total for prior years 20 __, 20 __, 20 __				
3 Excess distributions carryover, if any, to 2012				
a From 2007	0.			
b From 2008	0.			
c From 2009	0.			
d From 2010	0.			
e From 2011	0.			
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2012 from Part XII, line 4: \$ 419,346.				
a Applied to 2011, but not more than line 2a			411,413.	
b Applied to undistributed income of prior years (Election required — see instructions)				
c Treated as distributions out of corpus (Election required — see instructions)				
d Applied to 2012 distributable amount				7,933.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
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				
d Subtract line 6c from line 6b Taxable amount — see instructions		0.		
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount — see instructions			0.	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				391,464.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2008	0.			
b Excess from 2009	0.			
c Excess from 2010	0.			
d Excess from 2011	0.			
e Excess from 2012	0.			

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				
Partnership Pass Through Markwest Energy Partners Denver CO 80202	N/A	N/A	Charitable	0.
~~~~~ See Attached Schedule "C" Multiple States including MT 00000	N/A	N/A	Charitable	419,050.
<b>Total</b>			<b>3 a</b>	419,050.
<b>b Approved for future payment</b>				
N/A				
Bozeman MT 59718		N/A	N/A	0.
<b>Total</b>			<b>3 b</b>	0.





**Form 990-PF  
Part I, Line 6a****Net Gain or Loss From Sale of Assets****2012**

Name	Employer Identification Number
The Ruth and Vernon Taylor Foundation, Montana	20-1746884

**Asset Information:**

Description of Property	<u>See Schedule "B"</u>	
Date Acquired	<u>Various</u>	How Acquired <u>Purchased</u>
Date Sold	<u>Various</u>	Name of Buyer
Sales Price	<u>7,884,652.</u>	Cost or other basis (do not reduce by depreciation) <u>7,334,674.</u>
Sales Expense		Valuation Method
Total Gain (Loss)	<u>549,978.</u>	Accumulation Depreciation

  

Description of Property		
Date Acquired		How Acquired
Date Sold		Name of Buyer
Sales Price		Cost or other basis (do not reduce by depreciation)
Sales Expense		Valuation Method
Total Gain (Loss)		Accumulation Depreciation

  

Description of Property		
Date Acquired		How Acquired
Date Sold		Name of Buyer
Sales Price		Cost or other basis (do not reduce by depreciation)
Sales Expense		Valuation Method
Total Gain (Loss)		Accumulation Depreciation

  

Description of Property		
Date Acquired		How Acquired
Date Sold		Name of Buyer
Sales Price		Cost or other basis (do not reduce by depreciation)
Sales Expense		Valuation Method
Total Gain (Loss)		Accumulation Depreciation

  

Description of Property		
Date Acquired		How Acquired
Date Sold		Name of Buyer
Sales Price		Cost or other basis (do not reduce by depreciation)
Sales Expense		Valuation Method
Total Gain (Loss)		Accumulation Depreciation

  

Description of Property		
Date Acquired		How Acquired
Date Sold		Name of Buyer
Sales Price		Cost or other basis (do not reduce by depreciation)
Sales Expense		Valuation Method
Total Gain (Loss)		Accumulation Depreciation

  

Description of Property		
Date Acquired		How Acquired
Date Sold		Name of Buyer
Sales Price		Cost or other basis (do not reduce by depreciation)
Sales Expense		Valuation Method
Total Gain (Loss)		Accumulation Depreciation

  

Description of Property		
Date Acquired		How Acquired
Date Sold		Name of Buyer
Sales Price		Cost or other basis (do not reduce by depreciation)
Sales Expense		Valuation Method
Total Gain (Loss)		Accumulation Depreciation

Form 990-PF, Page 1, Part I, Line 11

**Line 11 Stmt**

Other income:	Rev/Exp Book	Net Inv Inc	Adj Net Inc
Royalties - Finley Oil and Gas	4,403.	4,403.	
Kinder Morgan K-1 (UBTI)	254,033.		
Kinder Morgan K-1 Partner Deduct	-1,476.		
Markwest Energy K-1 (UBTI)	-6,198.		
Kind Mor.Sec.1231 K-1 (UBTI)	-53.		
Mark. Ener.K-1 Sec.1231 (UBTI)	0.		
Taxes - 990T 2011 Refund	150.		
<b>Total</b>	<b>250,859.</b>	<b>4,403.</b>	

Form 990-PF, Page 1, Part I, Line 18

**Line 18 Stmt**

Taxes	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
Taxes	162.	162.		
Taxes - Foreign	5,631.	5,631.		
Taxes - Severance	203.	203.		
Taxes - US Treasury	65,300.	0.		
<b>Total</b>	<b>71,296.</b>	<b>5,996.</b>		

Form 990-PF, Page 1, Part I, Line 23

**Line 23 Stmt**

Other expenses.	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
Bank Charges	14.	13.		1.
Commissions & Brokerage Fees	5,200.	5,200.		
Licenses	15.	14.		1.
Postage	20.	18.		2.
Supplies - Office	33.	30.		3.
Partnership Expense-Noneduct	29.	0.		
<b>Total</b>	<b>5,311.</b>	<b>5,275.</b>		<b>7.</b>

Form 990-PF, Page 1, Part I

**Line 16b - Accounting Fees**

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Peggy L. Olson	Tax Processing	94.	85.		9.
EideBailly, LLP	Review T/R, F/S	2,800.	2,520.		280.
<b>Total</b>		<b>2,894.</b>	<b>2,605.</b>		<b>289.</b>



The Ruth and Vernon Taylor Foundation, Montana

EIN: 20-1746884

2012

----- RVTF -----				
End Of Year Quantity	Investment	Begin. Book Value	End Of Year Book Value	End Of Year Fair Market Value
<b>Line 1 - Cash - Non-Interest Bearing</b>				
N/A	Petty Cash	50 00	50 00	50 00
N/A	Checking - US Bank	3,282 43	31,727 63	31,727 63
<b>TOTAL - Line 1 - Non-Interest Bearing</b>		<b>3,332.43</b>	<b>31,777.63</b>	<b>31,777.63</b>
<b>Line 2 - Savings and Temporary Cash Investments</b>				
N/A	Savings - US Bank	11,057 62	58 79	58 79
N/A	Cash - JP Morgan	1,161,902 27	44,717 59	44,717 59
N/A	Money Market - JP Morgan	762,588 31	762,674 87	762,674 87
N/A	Proceeds from Pending Sales - JP Morgan	0 00	1,009,711 34	1,009,711 34
<b>TOTAL Line 2 - Savings and Temp. Cash Investments</b>		<b>1,935,548.20</b>	<b>1,817,162.59</b>	<b>1,817,162.59</b>

**The Ruth and Vernon Taylor Foundation, Montana**

**EIN: 20-1746884**

**2012**

----- RVTF -----

End Of Year Quantity	Investment	Begin. Book Value	End Of Year Book Value	End Of Year Fair Market Value
<b>Line 10b - Investments - Corporate Stock</b>				
1,250	Anadarko Petroleum Corp	31,806 25	31,806 25	92,887 50
26,000	Bank New York Mellon Corp 5 2% Pfd	0 00	650,000 00	653,380 00
-	Barclays Bank PLC 6 5/8% PFD	563,593 40	0 00	0 00
35,000	Barrick Gold Corp	0 00	1,486,168 90	1,225,350 00
4,000	Cenovous Energy Inc	67,866 63	67,866 63	134,160 00
1,969	Chevron Corp	47,905 77	47,905 77	212,927 66
-	Deutsche Bank Cap Fund IX	534,220 50	0 00	0 00
5,000	Devon Energy Corp	283,630 80	283,630 80	260,200 00
20,000	Encana Corp	240,764 15	389,329 55	395,200 00
696	Exxon Mobil Corp	20,851 14	20,851 14	60,238 80
-	General Electric Co	579,635 00	0 00	0 00
6,000	Goldman Sachs 5 95% Pfd	0 00	150,000 00	149,880 00
-	Goldman Sachs 6 75% Pfd	250,000 00	0 00	0 00
-	HSBC Holdings PLC	605,006 50	0 00	0 00
9,000	JPMorgan Chase & Co 5 5% Pfd	0 00	225,000 00	226,260 00
2,661	JPMorgan International Opportunities Fund	42,623 66	42,623 66	35,282 30
-	Kinder Morgan Energy Partnership	0 00	0 00	0 00
25,000	Kinder Morgan Inc	0 00	873,768 50	883,250 00
-	Merck and Co Inc	677,307 50	0 00	0 00
-	Microsoft Corp	539,789 00	0 00	0 00
10,000	Nextera Energy Capital 5 1/8% Pfd	0 00	250,000 00	250,900 00
-	Pfizer Inc	182,138 00	0 00	0 00
15,000	Proshares Short S&P 500	182,138 00	546,285 00	510,450 00
241	QSound Labs Inc	3,364 36	3,364 36	0 24
-	Qwest Corp Pfd Ser A 7 5%	250,000 00	0 00	0 00
-	Royal Bk Scotland Group Plc 5 3/4% Pfd	72,540 00	0 00	0 00
21,000	Suntrust Banks Inc	0 00	525,000 00	513,870 00
2,500	Units - Markwest Energy Partners LP	25,809 89	13,522 89	127,525 00
<b>TOTAL Line 10b - Investments - Corporate Stock</b>		<b>5,018,852.55</b>	<b>5,607,123.45</b>	<b>5,731,761.50</b>
<b>Line 10c - Investments - Corporate Bonds</b>				
200,000	Alcoa Inc CV 5 1/4% (3/15/14)	332,000 00	332,000 00	285,500 00
91,250	Loewen Group International Inc	0 00	0 00	0 00
100,000	MOA Hospitality Inc Notes 8% 1/15/05	101,625 60	101,625 60	0 00
<b>TOTAL Line 10c - Investments - Corporate Bonds</b>		<b>433,625.60</b>	<b>433,625.60</b>	<b>285,500.00</b>
<b>Line 13 - Investments - Other</b>				
0 085	HB Multi-Strategy Holdings, LTD Class B #19	5,867 29	4,841 94	5,567 15
0 084	HB Multi-Strategy Holdings, LTD Class B #21	5,932 65	4,838 28	5,501 63
0 085	HB Multi-Strategy Holdings, LTD Class B #23	6,181 24	5,101 02	5,567 16
0 085	HB Multi-Strategy Holdings, LTD Class B #25	6,654 20	5,491 33	5,567 15
<b>TOTAL Line 13 - Investments - Other</b>		<b>24,635.38</b>	<b>20,272.57</b>	<b>22,203.09</b>

The Ruth and Vernon Taylor Foundation, Montana

EIN: 20-1746884

2012

---- RVTf ----

End Of Year Quantity	Investment	Begin. Book Value	End Of Year Book Value	End Of Year Fair Market Value
<b>Line 15 - Other Assets</b>				
N/A	Finley Resources, Inc	0 00	0 00	1,201 25
<b>TOTAL Line 15 - Other Assets</b>		<b>0.00</b>	<b>0.00</b>	<b>1,201.25</b>
<b>TOTAL Line 16 - Total Assets</b>		<b>7,415,994.16</b>	<b>7,909,961.84</b>	<b>7,889,606.06</b>

**The Ruth and Vernon Taylor Foundation, Montana**

**EIN: 20-1746884**

**2012**

**Cell:** D58

**Comment:** ~

Units Markwest Energy Partners LP End Of Year Book Value From K-1

\$ 13,523 00 from RVTF-MT 2012 K-1

13,522 89 from RVTF-MT F/S

-----

\$ 11 rounding on K-1

**Cell:** A65

**Comment:**

Loewen Group International Inc

This is a BOND which is in default

**Cell:** B81

**Comment:** ~

Finley Resources not held at JPM

**Cell:** D81

**Comment:**

Finley Resources - Basis decreased annually due to depletion Do not reduce below \$-0-

**Cell:** F81

**Comment:**

Finley Resource FMV should remain the same over the years, even though the basis is different  
(Per Barb Patai 8/20/10 - this will ensure that our treatment of the FMV is consistent with Denver)

**The Ruth and Vernon Taylor Foundation-Montana**  
**EIN #20-1746884**  
**Form 990-PF (2012), Page 3, Part IV**  
**Capital Gains and Losses for Tax on Investment Income**

<b>Quantity</b>	<b>Security</b>	<b>Sales Price</b>	<b>Cost</b>	<b>Gain or (Loss)</b>
10,000	Barclays Bank PLC 6 5/8% PFD	\$ 235,291 96	\$ 240,651 00	\$ (5,359 04)
13,500	Barclays Bank PLC 6 5/8% PFD	317,644 15	322,942 40	(5,298 25)
20,000	BB&T Corp 5 625% Ser E Pfd	507,301 61	500,000 00	7,301 61
10,000	Centerpoint Energy Inc	215,427 16	196,945.00	18,482 16
20,000	Centerpoint Energy Inc	430,854 31	407,181.00	23,673 31
20,000	Comcast Corp 5% Pfd	506,717 63	500,000 00	6,717 63
***	Countrywide Capital V 7% Pfd	583 24	-	583 24
22,500	Deutsche Bank Cap Fund IX	526,068 24	534,220 50	(8,152 26)
20,000	Deutsche Bank Cap VIII 6 375%	493,433 90	480,795 00	12,638 90
20,000	General Electric Capital 4 875%	502,993 71	500,000 00	2,993 71
15,000	General Electric Co	284,881 08	318,563.75	(33,682 67)
15,000	General Electric Co	284,114 60	261,071 25	23,043 35
10,000	Goldman Sachs 6 3/4%	256,858 22	250,000 00	6,858 22
0 010	HB Multi-Strategy (Class B) Series 19	673 50	569 64	103 86
0.008	HB Multi-Strategy (Class B) Series 19	505 81	455 71	50.10
0 011	HB Multi-Strategy (Class B) Series 21	672 85	633.58	39.27
0.008	HB Multi-Strategy (Class B) Series 21	505 26	460 79	44.47
0 010	HB Multi-Strategy (Class B) Series 23	674 82	600 12	74.70
0 008	HB Multi-Strategy (Class B) Series 23	506 36	480 10	26 26
0 010	HB Multi-Strategy (Class B) Series 25	675 48	646 04	29 44
0 008	HB Multi-Strategy (Class B) Series 25	506.91	516 83	(9 92)
10,000	HSBC Holdings PLC 6 2% Pfd A	248,103 51	242,804 00	5,299 51
5,000	HSBC Holdings PLC 6 2% Pfd A	186,419 38	120,899.50	65,519 88
10,000	HSBC Holdings PLC 6 2% Pfd A	186,419 38	241,303 00	(54,883 62)
6,000	Kinder Morgan Energy Partnership	485,511 00	241,160 00	244,351 00
10,000	Merck and Co Inc	374,010 59	339,895 00	34,115 59
5,000	Merck and Co Inc	216,856 62	162,929 00	53,927 62
5,000	Merck and Co Inc	216,367 63	174,483.50	41,884 13
10,000	Microsoft Corp	293,051 41	265,995 00	27,056 41
10,000	Microsoft Corp	306,600 10	273,794 00	32,806 10
10,000	Nextera Energy Capital 5 625% Ser H	262,270.77	250,000 00	12,270 77
10,000	Pfizer Inc	212,802 89	182,138 00	30,664 89
10,000	Qwest Corp Pfd Ser A 7 5%	262,489 21	250,000.00	12,489 21
3,000	Royal Bk Scotland Group Plc 5 3/4% Pfd	66,858 36	72,540.00	(5,681 64)
<b>TOTALS</b>		<b>\$ 7,884,651.65</b>	<b>\$ 7,334,673.71</b>	<b>\$ 549,977.94</b>

*** Securities Litigation Settlement

**The Ruth and Vernon Taylor Foundation-Montana**  
**EIN #20-1746884**  
**Form 990-PF (2012), Page 11, Part XV Supplementary Information**  
**Line 3a Grants and Contributions Paid During the Year**

<b>Name</b>	<b>Street</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Paid Amount</b>
Big Brothers Big Sisters	15 South 8th Avenue	Bozeman	MT	59715	20,000 00
Bozeman Symphony Society	1822 W Lincoln St	Bozeman	MT	59715-5410	10,000 00
Cat Rodeo Scholarship Assoc.	P O Box 11833	Bozeman	MT	59719	21,000 00
Haven	P O Box 752	Bozeman	MT	59771	50,000 00
Montana Arts	P O Box 1872	Bozeman	MT	59771-1872	3,500 00
Montana Meth Project	P O Box 8944	Missoula	MT	59807	10,000 00
MSU School of Music	P O Box 173420	Bozeman	MT	59717-3420	25,000 00
Museum of the Rockies	MSU 600 West Kagy Blvd	Bozeman	MT	59717-2730	75,000 00
PERC	2048 Analysis Drive, Suite A	Bozeman	MT	59718-6829	5,000 00
The Heritage Foundation	214 Massachusetts Ave N E	Washington	DC	20002-4999	7,500 00
The Living Desert	47900 Portola Avenue	Palm Desert	CA	92260	100,000 00
The Thacher School	5025 Thacher Road	Ojai	CA	93023	39,000 00
Thrive	P O Box 4325	Bozeman	MT	59772-4325	53,050 00
					<u>419,050 00</u>
<b>TOTAL</b>					<u><b>419,050.00</b></u>