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Form **990-PF**

OMB No 1545-0052

Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

2012Department 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

HOBART & LOTTIE FAULKNER FOUNDATION

6702035070

UNION BANK, P.O. BOX 45174

SAN FRANCISCO, CA 94145-0174

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

Fair market value of all assets at end of year (from Part II, column (c), line 16)
 ▶ \$ **3,818,395.**

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

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 ☐

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	8.	8.		
4 Dividends and interest from securities	120,285.	120,285.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain/(loss) from sale of assets not on line 10	70,815.			
b Gross sales price for all assets on line 6a	174,918.			
7 Capital gain net income (from Part IV, line 2)		70,815.		
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	191,108.	191,108.	0.	
13 Compensation of officers, directors, trustees, etc	37,802.	18,901.		18,901.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach sch)	2,275.	1,137.		1,138.
c Other prof fees (attach sch)				
17 Interest				
18 Taxes (attach schedule) (see instrs)				
19 Depreciation (attach sch) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule)				
24 Total operating and administrative expenses. Add lines 13 through 23	342.	166.		176.
25 Contributions, gifts, grants paid Part XV	40,419.	20,204.		20,215.
26 Total expenses and disbursements. Add lines 24 and 25	166,000.			166,000.
27 Subtract line 26 from line 12:	206,419.	20,204.	0.	186,215.
a Excess of revenue over expenses and disbursements	-15,311.			
b Net investment income (if negative, enter -0-)		170,904.		
c Adjusted net income (if negative, enter -0-)			0.	

BAA For Paperwork Reduction Act Notice, see instructions.

TEEA0504L 12/23/12

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Part II Balance Sheets		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	6,134.	45,744.	45,744.
	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)	749,215.	718,824.	2,259,349.
	c Investments — corporate bonds (attach schedule)			
	11 Investments — land, buildings, and equipment basis			
LIABILITIES	Less: accumulated depreciation (attach schedule)			
	12 Investments — mortgage loans			
	13 Investments — other (attach schedule)	1,425,066.	1,400,539.	1,513,302.
	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 the instructions. Also, see page 1, item i)	2,180,415.	2,165,107.	3,818,395.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
NET FUND ASSET BALANCES	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.	
	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	2,180,415.	2,165,107.	
FOUNDERS	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)	2,180,415.	2,165,107.	
	31 Total liabilities and net assets/fund balances (see instructions)	2,180,415.	2,165,107.	

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	2,180,415.
2	Enter amount from Part I, line 27a	2	-15,311.
3	Other increases not included in line 2 (itemize) <u>See Statement 3</u>	3	3.
4	Add lines 1, 2, and 3	4	2,165,107.
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	2,165,107.

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 4			
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	70,815.
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	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	178,719.	3,655,944.	0.048885
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

2 Total of line 1, column (d)	2	0.223380
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	0.044676
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	3,756,536.
5 Multiply line 4 by line 3	5	167,827.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,709.
7 Add lines 5 and 6	7	169,536.
8 Enter qualifying distributions from Part XII, line 4	8	186,215.

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 ☐ 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 ☒ and enter 1% of Part I, line 27b		1	1,709.
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	1,709.
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	1,709.
6 Credits/Payments:			
a 2012 estimated tax pmts and 2011 overpayment credited to 2012	6 a	1,800.	
b Exempt foreign organizations – tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 8868)	6 c		
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments Add lines 6a through 6d	7	1,800.	
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	91.	
11 Enter the amount of line 10 to be Credited to 2013 estimated tax ☒ 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?		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 ☒ \$ 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>		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?		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>		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 XV</i>	X	
8 a 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 <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>UNION BANK</u> Telephone no. <u>(415) 705-7667</u> Located at <u>350 CALIFORNIA ST, STE 1700 SAN FRANCISCO CA</u> ZIP + 4 <u>94104-0174</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u> <u>N/A</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	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			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
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? ☐ 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)? Organizations relying on a current notice regarding disaster assistance check here ☐	1 b	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 2012?	1 c	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? ☐ 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 instructions)	2 b	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>		
3 a	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 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)	3 b	N/A
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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?	4 b	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 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)

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 X

If 'Yes' to 6b, file Form 8870

7 a 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

7 b

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	37,802.	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	1 a	2,274,455.
b	Average of monthly cash balances	1 b	42,056.
c	Fair market value of all other assets (see instructions)	1 c	1,497,231.
d	Total (add lines 1a, b, and c)	1 d	3,813,742.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	3,813,742.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	57,206.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,756,536.
6	Minimum investment return. Enter 5% of line 5	6	187,827.

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	187,827.
2a	Tax on investment income for 2012 from Part VI, line 5	2 a	1,709.
b	Income tax for 2012 (This does not include the tax from Part VI)	2 b	
c	Add lines 2a and 2b	2 c	1,709.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	186,118.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	186,118.
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	186,118.

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	186,215.
b	Program-related investments — total from Part IX-B	1 b	
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	186,215.
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	1,709.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	184,506.

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.

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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				186,118.
2 Undistributed income, if any, as of the end of 2012.				
a Enter amount for 2011 only.			0.	
b Total for prior years. 20 __, 20 __, 20 __		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007				
b From 2008	14,697.			
c From 2009				
d From 2010				
e From 2011				
f Total of lines 3a through e	14,697.			
4 Qualifying distributions for 2012 from Part XII, line 4. ▶ \$ 186,215.				
a Applied to 2011, 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 2012 distributable amount				186,118.
e Remaining amount distributed out of corpus	97.			
5 Excess distributions carryover applied to 2012 (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	14,794.			
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 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				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 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	14,794.			
10 Analysis of line 9				
a Excess from 2008	14,697.			
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012	97.			

BAA

Form 990-PF (2012)

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

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, 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			(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a 'Assets' alternative test — enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test — enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c 'Support' alternative test — enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year — see 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 or e-mail 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 5				
Total			3 a	166,000.
b Approved for future payment				
Total			3 b	

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) 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			14	8.	
4 Dividends and interest from securities			14	120,285.	
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	70,815.	
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)				191,108.	
13 Total. Add line 12, columns (b), (d), and (e)				13	191,108.

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

2012

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6702035070

Client FAULH

95-4446743

4/02/13

12 52PM

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	\$ 2,275.	\$ 1,137.		\$ 1,138.
Total	<u>\$ 2,275.</u>	<u>\$ 1,137.</u>	<u>\$ 0.</u>	<u>\$ 1,138.</u>

Statement 2
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	332.	\$ 166.		166.
Total	<u>\$ 342.</u>	<u>\$ 166.</u>	<u>\$ 0.</u>	<u>\$ 176.</u>

Statement 3
Form 990-PF, Part III, Line 3
Other Increases

ROUNDING				
Total			\$ 3.	<u>\$ 3.</u>

Statement 4
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	4,803 CHARITABLE INCOME FUND	Purchased	Various	3/16/2012
2	240 EDWARDS LIFESCIENCES CORP	Purchased	7/25/1996	10/09/2012
3	.74 EXPRESS SCRIPTS HLDG CO	Purchased	6/14/1993	4/26/2012
4	554 MEDCO HEALTH SOLUTIONS INC	Purchased	1/27/1993	4/03/2012
5	800 MICROSOFT CORP	Purchased	12/13/2001	11/13/2012
6	500 QEP RES INC	Purchased	5/16/1995	9/19/2012
7	COMMON TR FD CAPITAL GAINS DIST	Purchased	Various	Various
8	COMMON TR FD CAPITAL GAINS DIST	Purchased	Various	Various
9	BANK OF AMERICA CLASS ACTION	Purchased	Various	12/18/2012
10	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	50,005.		48,488.	1,517.				\$ 1,517.
2	20,767.		981.	19,786.				19,786.
3	40.		4.	36.				36.
4	41,176.		25,221.	15,955.				15,955.

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Client FAULH

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Statement 4 (continued)
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

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)
5	21,776.		26,856.	-5,080.				\$ -5,080.
6	16,125.		2,551.	13,574.				13,574.
7	9,722.		0.	9,722.				9,722.
8	14,069.		0.	14,069.				14,069.
9	27.		2.	25.				25.
10								1,211.
Total								\$ 70,815.

Statement 5
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found- ation Status	Purpose of Grant	Amount
AMERICAN CANCER SOCIETY P.O. BOX 720366 OKLAHOMA CITY, OK 73162		PUBLIC	MEDICAL	\$ 66,400.
AMERICAN HEART ASSN 1710 GILBRETH RD BURLINGAME, CA 94010		PUBLIC	MEDICAL	41,500.
ARTHRITIS FOUNDATION 800 W SIXTH ST. SUTIE 1250 LOS ANGELES, CA 90017		PUBLIC	MEDICAL	8,300.
AZUSA PACIFIC UNIVERSITY 901 EAST ALOSTA AZUSA, CA 91702		PUBLIC	EDUCATION	8,300.
CITY OF HOPE 1500 E DUARTE RD DUARTE, CA 91010		PUBLIC	MEDICAL	21,580.
PEPPERDINE UNIVERSITY 24255 PACIFIC COAST HWY MALIBU, CA 90263		PUBLIC	EDUCATION	8,300.
L.A. BREAKFAST CLUB FDN 3201 RIVERSIDE DR LOS ANGELES, CA 90027		PUBLIC	CHARITABLE	3,320.
UNIVERSITY OF FINDLAY 1000 NORTH MAIN STREET FINDLAY, OH 45840		PUBLIC	EDUCATION	8,300.
Total				\$ 166,000.



Account Number
6702035070

Account Name
FAULKNER, HOBART/LOTTIE FOUNDATION

Account Statement

Statement Period

December 1, 2012 through December 31, 2012

Asset Detail - Principal Portfolio

Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
HighMark Money Market Funds								
Cash Equivalents - HighMark-Money Market-Taxable								
HIGHMARK DIVERSIFIED MMKT FUND	431114883S	45,744.110	45,744.11	45,744.11	10000 12/31/2012	1.20%	0.02%	8.83
FIDUCIARY SHS								
CASH MANAGEMENT SWEEP								

Total Cash & Cash Equivalents

\$45,744.11 \$45,744.11 1.20% 0.02% \$9.83

Funds

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	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	138,863.000	1,398,835.17	1,511,597.63	10.8855 12/31/2012	39.60%	4.16%	62,897.24

Total Funds

\$1,398,835.17 \$1,511,597.63 39.60% 4.16% \$62,897.24

Equities

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	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	33,049.28	25.1900 12/31/2012	0.87%	5.95%	1,968.00



Account Number
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Account Name
FAULKNER, HOBART/LOTTIE FOUNDATION

Account Statement

Statement Period

December 1, 2012 through December 31, 2012

Asset Detail - Principal Portfolio (continued)

Equities

Asset Name

Common Stock

Energy - Energy

BAKER HUGHES INC COM

CHEVRON CORP NEW COM

EXXON MOBIL CORP COM

Materials - Materials

ECOLAB INC COM

QEP RES INC COM

Industrials - Capital Goods

DEERE & CO COM

GENERAL ELECTRIC CO COM

Consumer Discretionary - Media

COMCAST CORP NEW CLA

DISNEY WALT CO COM DISNEY

Shares/
Units Held

CUSIP

Cost Basis

Market Value

Price/
Date Priced

Percentage
of Portfolio

Current
Yield

Estimated
Annual Income

900.00

7,200.00

3,192.00

2,024.00

240.00

2,944.00

3,420.00

283.40

1,275.00



Account Number
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Account Name
FAULKNER, HOBART/LOTTIE FOUNDATION

Account Statement

Statement Period

December 1, 2012 through December 31, 2012

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 - Retailing								
TARGET CORP COM	87612E106	4,000 000	25,389 00	236,680 00	59 1700 12/31/2012	6 20%	2 43%	5,760 00
Consumer Staples - Food & Staples Retailing								
WAL-MART STORES INC COM	931142103	2,000 000	38,087 50	136,460 00	68 2300 12/31/2012	3 58%	2 33%	3,180 00
Consumer Staples - Food Beverage & Tobacco								
PEPSICO INC COM	713448108	1,600 000	31,141 09	109,488 00	68 4300 12/31/2012	2 87%	3 14%	3,440 00
Health Care - Health Care Equipment & Services								
EXPRESS SCRIPTS HLDG CO COM	30219G108	448 000	2,451 58	24,192 00	54 0000 12/31/2012	0 63%	0 00%	0 00
Health Care - Pharmaceutical & Biotechnology								
LIFE TECHNOLOGIES CORP COM	53217V109	1,817 000	29,538 17	89,087 51	49 0300 12/31/2012	2 33%	0 00%	0 00
Financials - Real Estate Investment Trust								
WEYERHAEUSER CO COM	962166104	1,954 000	50,817 16	54,360 28	27 8200 12/31/2012	1 42%	2 44%	1,328 72
Financials - Banks								
BANK OF AMERICA CORPORATION COM	060505104	3,400 000	33,959 44	39,474 00	11 6100 12/31/2012	1 03%	0 34%	136 00



Account Number
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Account Name
FAULKNER, HOBART/LOTTIE FOUNDATION

Account Statement

Statement Period

December 1, 2012 through December 31, 2012

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								
JPMORGAN CHASE & CO COM	46625H100	1,850,000	33,177.50	81,342.83	43.9891 12/31/2012	2.13%	2.73%	2,220.00
Information Technology - Software & Services								
ORACLE CORP COM	68389X105	700,000	19,803.00	23,324.00	33.3200 12/31/2012	0.61%	0.72%	168.00
Information Technology - Technology Hardware & Equipment								
AGILENT TECHNOLOGIES INC COM	00846U101	381,000	8,930.87	15,598.14	40.9400 12/31/2012	0.41%	0.98%	152.40
CISCO SYS INC COM	17275R102	1,000,000	6,250.00	19,649.40	19.6494 12/31/2012	0.51%	2.85%	560.00
E M C CORP MASS COM	268648102	900,000	19,512.00	22,770.00	25.3000 12/31/2012	0.60%	0.00%	0.00
HEWLETT PACKARD CO COM	428236103	1,000,000	16,037.22	14,250.00	14.2500 12/31/2012	0.37%	3.71%	528.00
INTERNATIONAL BUSINESS MACHS COM	459200101	1,100,000	26,235.00	210,705.00	191.5500 12/31/2012	5.52%	1.77%	3,740.00
Information Technology - SemiConduct & SemiEquip								
INTEL CORP COM	45814D100	2,400,000	17,475.00	45,488.00	20.6200 12/31/2012	1.30%	4.36%	2,160.00



Account Number
6702035070

Account Name
FAULKNER, HOBART/LOTTIE FOUNDATION

Account Statement

Statement Period

December 1, 2012 through December 31, 2012

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								
Telecommunication Services - Telecommunication Services								
CENTURYLINK INC COM	156700106	1,250,000	19,302.78	48,900.00	39.1200 12/31/2012	1.28%	7.41%	3,625.00
Utilities - Utilities								
QUESTAR CORP COM	748356102	3,500,000	7,772.80	69,160.00	19.7800 12/31/2012	1.81%	3.44%	2,380.00
Total Equities		48,948,000	\$718,823.42	\$2,259,348.95		59.20%	2.34%	\$52,824.52
Total Principal Portfolio		233,555.110	\$2,163,402.70	\$3,816,690.69		100.00%	3.03%	\$115,730.59
Total Account Values		233,555.110	\$2,163,402.70	\$3,816,690.69		100.00%	3.03%	\$115,730.59