



Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

► Do not enter social security numbers on this form as it may be made public.

► Go to www.irs.gov/Form990PF for instructions and the latest information.

2949113913703-8

OMB No. 1545-0052

2017

Open to Public Inspection

For calendar year 2017 or tax year beginning

, and ending

Name of foundation

The James N. Cost Foundation

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

2950 Avalon Ave

A Employer identification number

94-3270447

B Telephone number

(510) 540-8121

C If exemption application is pending, check here ► 6D 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 ►

City or town, state or province, country, and ZIP or foreign postal code

Berkeley, CA 94705

G Check all that apply:

<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change

H Check type of organization: Section 501(c)(3) exempt private foundation Section 4947(a)(1) nonexempt charitable trust Other taxable private foundationI Fair market value of all assets at end of year Accounting method: Cash Accrual

(from Part II, col. (c), line 16)

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

Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))

(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	0.		N/A	
2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	26,748.	26,748.		Statement 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	43,080.			
b Gross sales price for all assets on line 6a	51,722.			
7 Capital gain net income (from Part IV, line 2)		43,080.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income				
12 Total Add lines 1 through 11	69,828.	69,828.		
13 Compensation of officers, directors, trustees, etc	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees Stmt 2	1,487.	0.		1,487.
b Accounting fees				
c Other professional fees				
17 Interest				
18 Taxes Stmt 3	544.	0.		544.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses Stmt 4	111.	0.		111.
24 Total operating and administrative expenses Add lines 13 through 23	2,142.	0.		2,142.
25 Contributions, gifts, grants paid	46,500.			46,500.
26 Total expenses and disbursements. Add lines 24 and 25	48,642.	0.		48,642.
27 Subtract line 26 from line 12:	21,186.			
a Excess of revenue over expenses and disbursements				
b Net investment income (if negative, enter -0-)		69,828.		
c Adjusted net income (if negative, enter -0-)			N/A	

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash - non-interest-bearing	1,335.	1,341.	1,341.
	2	Savings and temporary cash investments	26,983.	56,605.	56,605.
	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			
	7	Other notes and loans receivable ►			
		Less: allowance for doubtful accounts ►			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments - U.S. and state government obligations			
	b	Investments - corporate stock Stmt 5	414,386.	409,058.	911,733.
	c	Investments - corporate bonds			
	11	Investments - land, buildings, and equipment basis ►			
		Less accumulated depreciation ►			
	12	Investments - mortgage loans			
	13	Investments - other Stmt 6	17,548.	14,234.	37,539.
	14	Land, buildings, and equipment; basis ►			
		Less accumulated depreciation ►			
	15	Other assets (describe ►)			
	16	Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	460,252.	481,238.	1,007,218.
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable			
	22	Other liabilities (describe ► <u>Outstanding Checks</u>)	43,200.	43,000.	
	23	Total liabilities (add lines 17 through 22)	43,200.	43,000.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 24 through 26, and lines 30 and 31				
	24	Unrestricted	417,052.	438,238.	
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 27 through 31.				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	Total net assets or fund balances	417,052.	438,238.	
	31	Total liabilities and net assets/fund balances	460,252.	481,238.	

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	417,052.
2	Enter amount from Part I, line 27a	2	21,186.
3	Other increases not included in line 2 (itemize) ►	3	0.
4	Add lines 1, 2, and 3	4	438,238.
5	Decreases not included in line 2 (itemize) ►	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	438,238.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (for example, real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)			(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a 100 Adobe Systems			D	09/03/99	01/10/17
b 10 Markel Corp			P	01/31/02	01/10/17
c 100 Adobe Systems			D	09/03/99	08/18/17
d Cash Merger - 400 Whole Foods Market Inc.			P	05/14/08	08/28/17
e Capital Gains Dividends					
(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 10,850.		436.			10,414.
b 9,023.		1,916.			7,107.
c 14,833.		436.			14,397.
d 16,800.		5,854.			10,946.
e 216.					216.
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69.			(I) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any			
a					10,414.
b					7,107.
c					14,397.
d					10,946.
e					216.
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	43,080.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8				3	N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

 Yes No

If "Yes," the foundation doesn't 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 (col. (b) divided by col. (c))
2016	46,080.	851,207.	.054135
2015	46,497.	855,324.	.054362
2014	46,267.	870,195.	.053169
2013	42,472.	781,834.	.054324
2012	37,474.	689,735.	.054331

2 Total of line 1, column (d)

2 .270321

3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5.0, or by the number of years the foundation has been in existence if less than 5 years

3 .054064

4 Enter the net value of noncharitable-use assets for 2017 from Part X, line 5

4 945,348.

5 Multiply line 4 by line 3

5 51,109.

6 Enter 1% of net investment income (1% of Part I, line 27b)

6 698.

7 Add lines 5 and 6

7 51,807.

8 Enter qualifying distributions from Part XII, line 4

8 48,642.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 ► <input type="checkbox"/> and enter "N/A" on line 1.	Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)	1	1,397.
1b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b			
1c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations, enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)			
3	Add lines 1 and 2			
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)			
5	Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-			
6	Credits/Payments:			
6a	2017 estimated tax payments and 2016 overpayment credited to 2017	0.		
6b	Exempt foreign organizations - tax withheld at source	0.		
6c	Tax paid with application for extension of time to file (Form 8868)	0.		
6d	Backup withholding erroneously withheld	0.		
7	Total credits and payments. Add lines 6a through 6d	0.		
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	16.		
9	Tax due If the total of lines 5 and 8 is more than line 7, enter amount owed	► 9	1,413.	
10	Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	► 10	0.	
11	Enter the amount of line 10 to be: Credited to 2018 estimated tax ►	Refunded ► 11	0.	

Part VII-A Statements Regarding Activities

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?	Yes	No
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes? See the instructions for the definition	X	
1c	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.	X	
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?	X	
3	If "Yes," attach a detailed description of the activities.	X	
4a	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	X	
4b	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	X	
5	If "Yes," has it filed a tax return on Form 990-T for this year?	X	
6	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	X	
7	If "Yes," attach the statement required by <i>General Instruction T</i>	X	
8a	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:	X	
8b	• By language in the governing instrument, or	X	
9	• 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	
10	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	
11	Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	X	
12	Enter the states to which the foundation reports or with which it is registered. See instructions. ►	MN	
13	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> ? If "No," attach explanation	X	
14	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 2017 or the tax year beginning in 2017? See the instructions for Part XIV. If "Yes," complete Part XIV	X	
15	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	X	

Part VII-A Statements Regarding Activities (continued)

	Yes	No
11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. See instructions	11	X
12 Did the foundation 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>David W. Cost, Jr.</u> Telephone no. ► <u>(510) 540-8121</u> Located at ► <u>2950 Avalon Avenue, Berkeley, CA</u> ZIP+4 ► <u>94705</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	► 15	N/A
16 At any time during calendar year 2017, 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? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ►	16	Yes X

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

	Yes	No
File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		
1a During the year, did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<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 type="checkbox"/> Yes	<input checked="" 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 <u>any</u> 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	N/A	1b
Organizations relying on a current notice regarding disaster assistance, check here	►	
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2017?		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 2017, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2017?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If "Yes," list the years ► _____, _____, _____, _____, _____		
b Are there any years listed in 2a for which the foundation is <u>not</u> applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	N/A	2b
c If the provisions of section 4942(a)(2) are being applied to <u>any</u> of the years listed in 2a, list the years here.	► _____, _____, _____, _____	
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b If "Yes," did it have excess business holdings in 2017 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 2017.)	N/A	3b
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2017?		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 4945(d)(4)(A)? 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

Organizations relying on a current notice regarding disaster assistance, check here

N/A



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?
 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?
 b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?
N/A

 Yes No

N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, and foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
David W. Cost, Jr. 2950 Avalon Ave. Berkeley, CA 94705	Trustee 0.25	0.	0.	0.
James R. Cost 1710 Gildersleeve Santa Fe, NM 87501	Trustee 0.25	0.	0.	0.
David W. Cost, Sr. 423 Laurel Avenue St Paul, MN 55102	Trustee 0.25	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
N/A	0.00	0.	0.	0.

Total number of other employees paid over \$50,000



0

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**
3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
N/A		0.

Total number of others receiving over \$50,000 for professional services

►

0

Part IX-A **Summary of Direct Charitable Activities**

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

Expenses

1	N/A	
2		
3		
4		

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

Amount

1	N/A	
2		
3	All other program-related investments. See instructions.	

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 929,273.
b	Average of monthly cash balances	1b 30,471.
c	Fair market value of all other assets	1c
d	Total (add lines 1a, b, and c)	1d 959,744.
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	3 959,744.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4 14,396.
5	Net value of noncharitable-use assets Subtract line 4 from line 3 Enter here and on Part V, line 4	5 945,348.
6	Minimum investment return Enter 5% of line 5	6 47,267.

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 47,267.
2a	Tax on investment income for 2017 from Part VI, line 5	2a 1,397.
b	Income tax for 2017. (This does not include the tax from Part VI.)	2b
c	Add lines 2a and 2b	2c 1,397.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3 45,870.
4	Recoveries of amounts treated as qualifying distributions	4 0.
5	Add lines 3 and 4	5 45,870.
6	Deduction from distributable amount (see instructions)	6 0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7 45,870.

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 48,642.
b	Program-related investments - total from Part IX-B	1b 0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2
3	Amounts set aside for specific charitable projects that satisfy the:	
a	Suitability test (prior IRS approval required)	3a
b	Cash distribution test (attach the required schedule)	3b
4	Qualifying distributions Add lines 1a through 3b. Enter here and on Part V, line 8; and Part XIII, line 4	4 48,642.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5 0.
6	Adjusted qualifying distributions Subtract line 5 from line 4	6 48,642.

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 2016	(c) 2016	(d) 2017
1 Distributable amount for 2017 from Part XI, line 7				45,870.
2 Undistributed income, if any, as of the end of 2017			0.	
a Enter amount for 2016 only				
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2017:				
a From 2012	3,887.			
b From 2013	3,980.			
c From 2014	3,445.			
d From 2015	4,624.			
e From 2016	4,048.			
f Total of lines 3a through e	19,984.			
4 Qualifying distributions for 2017 from Part XII, line 4: ► \$ 48,642.			0.	
a Applied to 2016, but not more than line 2a				
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 2017 distributable amount	2,772.			45,870.
e Remaining amount distributed out of corpus	0.			0.
5 Excess distributions carryover applied to 2017 (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:	22,756.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5		0.		
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2016. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2017. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2018				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)	0.			
8 Excess distributions carryover from 2012 not applied on line 5 or line 7	3,887.			
9 Excess distributions carryover to 2018 Subtract lines 7 and 8 from line 6a	18,869.			
10 Analysis of line 9:				
a Excess from 2013	3,980.			
b Excess from 2014	3,445.			
c Excess from 2015	4,624.			
d Excess from 2016	4,048.			
e Excess from 2017	2,772.			

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
ACCESS Women's Health Justice		Public	General Operating	1,000.
Bentley School		Public	General Operating	3,000.
Berkeley Art Museum and Pacific Film Archive		Public	General Operating	1,000.
California Shakespeare Festival		Public	General Operating	5,000.
CalTrout		Public	General Operating	200.
Total	See continuation sheet(s)			► 3a 46,500.
b Approved for future payment				
None				
Total				► 3b 0.

Part XVI-A · Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		(e) Related or exempt function income
		(a) Business code	(b) Amount	
1 Program service revenue:				
a				
b				
c				
d				
e				
f				
g Fees and contracts from government agencies				
2 Membership dues and assessments				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities			14	26,748.
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	43,080.
9 Net income or (loss) from special events				
10 Gross profit or (loss) from sales of inventory				
11 Other revenue:				
a				
b				
c				
d				
e				
12 Subtotal. Add columns (b), (d), and (e)			0.	69,828.
13 Total. Add line 12, columns (b), (d), and (e)			13	69,828.
(See worksheet in line 13 instructions to verify calculations)				

(See worksheet in line 13 instructions to verify calculations)

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

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) (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting foundation to a noncharitable exempt organization of:

- (1) Cash
- (2) Other assets

b Other transactions:

- (1) Sales of assets to a noncharitable exempt organization
- (2) Purchases of assets from a noncharitable exempt organization
- (3) Rental of facilities, equipment, or other assets
- (4) Reimbursement arrangements
- (5) Loans or loan guarantees
- (6) Performance of services or membership or fundraising

Sharing of facilities, equipment, mailing lists, other assets, or paid employees.

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.

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described

in section 501(c) (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

Signature of officer or trustee

Date _____

► Trustee

May the IRS discuss this return with the preparer shown below? See instr

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Julie A. Frommelt	<i>Julie A. Frommelt</i>	5/3/18		P01355102
	Firm's name ► Gray Plant Mooty			Firm's EIN ► 41-1411978	
Firm's address ► 500 IDS Center, 80 South 8th Street Minneapolis, MN 55402-3796			Phone no. (612) 632-3000		

The James N. Cost Foundation

94-3270447

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
Georgia O'Keefe Museum <u>Santa Fe, NM</u>		Public	General Operating	<u>1,000.</u>
Kiva Microfunds		Public		<u>100.</u>
Lensic Performing Arts Center		Public	General Operating	<u>1,000.</u>
Planned Parenthood of New Mexico <u>Santa Fe, NM</u>		Public	General Operating	<u>3,500.</u>
Prostate Cancer Support Organization of New Mexico <u>Santa Fe, NM</u>		Public	General Operating	<u>1,200.</u>
Santa Fe Animal Shelter <u>Santa Fe, NM</u>		Public	General Operating	<u>1,300.</u>
Santa Fe Chamber Music Festival		Public	General Operating	<u>2,500.</u>
Santa Fe Pro Musica <u>Santa Fe, NM</u>		Public	General Operating	<u>13,100.</u>
Santa Fe Solace Crisis Treatment Center <u>Santa Fe, NM</u>		Public	General Operating	<u>3,300.</u>
Teatro Paraguas		Public		<u>1,000.</u>
Total from continuation sheets				<u>36,300.</u>

The James N. Cost Foundation

94-3270447

Part XV | Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<u>The Hospice Center (Presbyterian Medical Services Foundation)</u>		Public	General Operating General Operating	<u>1,500.</u>
<u>Think New Mexico</u>		Public	General Operating	<u>800.</u>
<u>United Way of Santa Fe County</u>		Public	General Operating	
<u>Santa Fe, NM</u>		Public	General Operating	<u>1,500.</u>
<u>Vallecitos Mountain Retreat Center</u>		Public	General Operating General Operating	<u>1,000.</u>
<u>Wheelwright Museum of the American Indian</u>		Public	General Operating General Operating	<u>1,000.</u>
<u>Youth Shelters and Family Services</u>		Public	General Operating	<u>2,500.</u>
Total from continuation sheets				

Form 990-PF Dividends and Interest from Securities Statement 1

Source	Gross Amount	Capital Gains Dividends	(a) Revenue Per Books	(b) Net Investment Income	(c) Adjusted Net Income
Charles Schwab - Dividends	26,964.	216.	26,748.	26,748.	
To Part I, line 4	26,964.	216.	26,748.	26,748.	

Form 990-PF Legal Fees Statement 2

Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Gray Plant Mooty	1,487.	0.		1,487.
To Fm 990-PF, Pg 1, ln 16a	1,487.	0.		1,487.

Form 990-PF Taxes Statement 3

Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Excise Tax - 2016 990-PF	544.	0.		544.
To Form 990-PF, Pg 1, ln 18	544.	0.		544.

Form 990-PF Other Expenses Statement 4

Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
State of Minnesota Charities Division Filing Fee	25.	0.		25.
ADR Pass Through Fees	15.	0.		15.
Foreign Tax Paid	71.	0.		71.
To Form 990-PF, Pg 1, ln 23	111.	0.		111.

Form 990-PF

Corporate Stock

Statement 5

Description	Book Value	Fair Market Value
Charles Schwab	409,058.	911,733.
Total to Form 990-PF, Part II, line 10b	409,058.	911,733.

Form 990-PF

Other Investments

Statement 6

Description	Valuation Method	Book Value	Fair Market Value
Charles Schwab	COST	14,234.	37,539.
Total to Form 990-PF, Part II, line 13		14,234.	37,539.