

WESTLAW

§ 4941. Taxes on self-dealing

United States Code Annotated Title 26. Internal Revenue Code Effective: August 17, 2006 (Approx. 5 pages)



United States Code Annotated

Title 26. Internal Revenue Code (Refs & Annos)

Subtitle D. Miscellaneous Excise Taxes (Refs & Annos)

Chapter 42. Private Foundations; and Certain Other Tax-Exempt Organizations

(Refs & Annos)

Subchapter A. Private Foundations (Refs & Annos)

Effective: August 17, 2006

26 U.S.C.A. § 4941

§ 4941. Taxes on self-dealing

Currentness

STATE BOARD OF EQUALIZATION



Appeal Name: Robert W. & Margaret E. Holman

Case ID: 85605 ITEM #: B3

Date: 1/26/2016 Exhibit No: 1.1

(a) Initial taxes.--

TP FTB DEPT PUBLIC COMMENT

(1) On self-dealer.--There is hereby imposed a tax on each act of self-dealing between a disqualified person and a private foundation. The rate of tax shall be equal to 10 percent of the amount involved with respect to the act of self-dealing for each year (or part thereof) in the taxable period. The tax imposed by this paragraph shall be paid by any disqualified person (other than a foundation manager acting only as such) who participates in the act of self-dealing. In the case of a government official (as defined in section 4946(c)), a tax shall be imposed by this paragraph only if such disqualified person participates in the act of self-dealing knowing that it is such an act.

(2) On foundation manager.--In any case in which a tax is imposed by paragraph (1), there is hereby imposed on the participation of any foundation manager in an act of self-dealing between a disqualified person and a private foundation, knowing that it is such an act, a tax equal to 5 percent of the amount involved with respect to the act of self-dealing for each year (or part thereof) in the taxable period, unless such participation is not willful and is due to reasonable cause. The tax imposed by this paragraph shall be paid by any foundation manager who participated in the act of self-dealing.

(b) Additional taxes.--

(1) On self-dealer.--In any case in which an initial tax is imposed by subsection (a)(1) on an act of self-dealing by a disqualified person with a private foundation and the act is not corrected within the taxable period, there is hereby imposed a tax equal to 200 percent of the amount involved. The tax imposed by this paragraph shall be paid by any disqualified person (other than a foundation manager acting only as such) who participated in the act of self-dealing.

(2) On foundation manager.--In any case in which an additional tax is imposed by paragraph (1), if a foundation manager refused to agree to part or all of the correction, there is hereby imposed a tax equal to 50 percent of the amount involved. The tax imposed by this paragraph shall be paid by any foundation manager who refused to agree to part or all of the correction.

(c) Special rules.--For purposes of subsections (a) and (b)--

(1) Joint and several liability.--If more than one person is liable under any paragraph of subsection (a) or (b) with respect to any one act of self-dealing, all such persons shall be jointly and severally liable under such paragraph with respect to such act.

(2) \$20,000 limit for management.--With respect to any one act of self-dealing, the maximum amount of the tax imposed by subsection (a)(2) shall not exceed \$20,000, and the maximum amount of the tax imposed by subsection (b)(2) shall not exceed \$20,000.

(d) Self-dealing.--

(1) In general.--For purposes of this section, the term "self-dealing" means any direct or indirect--

TAXPAYER EXHIBIT

B3

January 26, 2016

Robert W. Holman and Margaret E. Holman 856805

## WESTLAW

## § 4947. Application of taxes to certain nonexempt trusts

United States Code Annotated Title 26, Internal Revenue Code Effective: December 17, 2010 (Approx. 4 pages)



United States Code Annotated  
 Title 26, Internal Revenue Code (Refs & Annos)  
 Subtitle D, Miscellaneous Excise Taxes (Refs & Annos)  
 Chapter 42, Private Foundations; and Certain Other Tax-Exempt  
 Organizations (Refs & Annos)  
 Subchapter A, Private Foundations(Refs & Annos)

Effective: December 17, 2010

26 U.S.C.A. § 4947

## § 4947. Application of taxes to certain nonexempt trusts

Currentness

## (a) Application of tax.--

(1) **Charitable trusts.**--For purposes of part II of subchapter F of chapter 1 (other than section 508(a), (b), and (c)) and for purposes of this chapter, a trust which is not exempt from taxation under section 501(a), all of the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B), and for which a deduction was allowed under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522 (or the corresponding provisions of prior law), shall be treated as an organization described in section 501(c)(3). For purposes of section 509(a)(3)(A), such a trust shall be treated as if organized on the day on which it first becomes subject to this paragraph.

(2) **Split-interest trusts.**--In the case of a trust which is not exempt from tax under section 501(a), not all of the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B), and which has amounts in trust for which a deduction was allowed under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522, section 507 (relating to termination of private foundation status), section 508(e) (relating to governing instruments) to the extent applicable to a trust described in this paragraph, section 4941 (relating to taxes on self-dealing), section 4943 (relating to taxes on excess business holdings) except as provided in subsection (b)(3), section 4944 (relating to investments which jeopardize charitable purpose) except as provided in subsection (b)(3), and section 4945 (relating to taxes on taxable expenditures) shall apply as if such trust were a private foundation. This paragraph shall not apply with respect to--

(A) any amounts payable under the terms of such trust to income beneficiaries, unless a deduction was allowed under section 170(f)(2)(B), 2055(e)(2)(B), or 2522(c)(2)(B),

(B) any amounts in trust other than amounts for which a deduction was allowed under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522, if such other amounts are segregated from amounts for which no deduction was allowable, or

(C) any amounts transferred in trust before May 27, 1969.

(3) **Segregated amounts.**--For purposes of paragraph (2)(B), a trust with respect to which amounts are segregated shall separately account for the various income, deduction, and other items properly attributable to each of such segregated amounts.

## (b) Special rules.--

(1) **Regulations.**--The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.

(2) **Limit to segregated amounts.**--If any amounts in the trust are segregated within the meaning of subsection (a)(2)(B) of this section, the value of the net assets for purposes of subsections (c)(2) and (g) of section 507 shall be limited to such segregated amounts.

(3) **Sections 4943 and 4944.**--Sections 4943 and 4944 shall not apply to a trust which is described in subsection (a)(2) if--

## WESTLAW

## § 53.4947-1 Application of tax.

Treasury Regulation Title 26, Internal Revenue (Approx 23 pages)

Code of Federal Regulations  
 Title 26, Internal Revenue  
 Chapter I, Internal Revenue Service, Department of the Treasury  
 Subchapter D, Miscellaneous Excise Taxes  
 Part 53, Foundation and Similar Excise Taxes (Refs & Annos)  
 Subpart H, Application to Certain Nonexempt Trusts

26 C.F.R. § 53.4947-1, Treas. Reg. § 53.4947-1

## § 53.4947-1 Application of tax.

## Currentness

**(a) In general.** Section 4947 subjects trusts which are not exempt from taxation under section 501(a), all or part of the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B), and which have amounts in trust for which a deduction was allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 to the same requirements and restrictions as are imposed on private foundations. The basic purpose of section 4947 is to prevent these trusts from being used to avoid the requirements and restrictions applicable to private foundations. For purposes of this section, a trust shall be presumed (in the absence of proof to the contrary) to have amounts under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 if a deduction would have been allowable under one of these sections. Also for purposes of this section and § 53.4947-2, the term "purposes described in section 170(c)(2)(B)" shall be treated as including purposes described in section 170(c)(1).

**(b) Charitable trusts—(1) General rule.** (i) For purposes of this section and § 53.4947-2, a charitable trust, within the meaning of section 4947(a)(1), is a trust which is not exempt from taxation under section 501(a), all of the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B), and for which a deduction was allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 (or the corresponding provisions of prior law). A trust is one for which a deduction was allowed under section 642(c), within the meaning of section 4947(a)(1), once a deduction is allowed under section 642(c) to the trust for any amount paid or permanently set aside. (See sections 642(c) and § 1.642-4 for the limitation on such deduction in certain cases.) A charitable trust (as defined in this paragraph) shall be treated as an organization described in section 501(c)(3) and, if it is determined under section 509 that the trust is a private foundation, then Part II of Subchapter F of chapter 1 of the Code (other than section 508 (a), (b) and (c) and chapter 42 shall apply to the trust. However, the charitable trust is not treated as an organization described in section 501(c)(3) for purposes of exemption from taxation under section 501(a). Thus, the trust is subject to the excise tax on its investment income under section 4940(b) rather than the tax imposed by section 4940(a). For purposes of satisfying the organizational test described in § 1.501(c)(3)-1(b) when a charitable trust seeks an exemption from taxation under section 501(a), a charitable trust (as defined in this paragraph) shall be considered organized on the day it first becomes subject to section 4947 (a)(1). However, for purposes of the special and transitional rules in section 4940(c)(4)(B), 4942(f)(4), 4943(c)(4)(A)(i) and (B) and section 101(1)(2)(A), (B), (C), and (D), and (1)(3) of the Tax Reform Act of 1969, a charitable trust (as defined in this paragraph) shall be considered organized on the first day it has amounts in trust for which a deduction was allowed (within the meaning of paragraph (a) of this section) under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522. Thus, under this rule, a trust may be treated as a private foundation in existence on a date governing one of the applicable special and transitional rules even though the trust did not otherwise become subject to the provisions of Chapter 42 until a later date.

(ii) The provisions of paragraph (b)(1) of this section may be illustrated by the following examples:

**Example 1.** On January 30, 1970, X creates an inter vivos trust under which M receives 50 percent and N receives 50 percent of the trust's income for 10 years, and upon the termination of which, at the end of the 10-year period, the corpus is to be distributed to O. M, N and O are all organizations described in section 501(c)(3) and X is allowed a deduction



**§ 53.4941(a)-1 Imposition of initial taxes.**

Treasury Regulation Title 26. Internal Revenue (Approx 7 pages)



Code of Federal Regulations  
 Title 26. Internal Revenue  
 Chapter I. Internal Revenue Service, Department of the Treasury  
 Subchapter D. Miscellaneous Excise Taxes  
 Part 53. Foundation and Similar Excise Taxes (Refs & Annos)  
 Subpart B. Taxes on Self-Dealing (Refs & Annos)

26 C.F.R. § 53.4941(a)-1, Treas. Reg. § 53.4941(a)-1

§ 53.4941(a)-1 Imposition of initial taxes.

Currentness

**(a) Tax on self-dealer--(1) In general.** Section 4941(a)(1) of the code imposes an excise tax on each act of self-dealing between a disqualified person (as defined in section 4946(a)) and a private foundation. Except as provided in subparagraph (2) of this paragraph, this tax shall be imposed on a disqualified person even though he had no knowledge at the time of the act that such act constituted self-dealing. Notwithstanding the preceding two sentences, however, a transaction between a disqualified person and a private foundation will not constitute an act of self-dealing if:

(i) The transaction is a purchase or sale of securities by a private foundation through a stockbroker where normal trading procedures on a stock exchange or recognized over-the-counter market are followed;

(ii) Neither the buyer nor the seller of the securities nor the agent of either knows the identity of the other party involved; and

(iii) The sale is made in the ordinary course of business, and does not involve a block of securities larger than the average daily trading volume of that stock over the previous 4 weeks.

However, the preceding sentence shall not apply to a transaction involving a dealer who is a disqualified person acting as a principal or to a transaction which is an act of self-dealing pursuant to section 4941(d)(1)(B) and § 53.4941(d)-2(c)(1). The tax imposed by section 4941(a)(1) is at the rate of 5 percent of the amount involved (as defined in section 4941(e)(2) and § 53.4941(e)-1(b)) with respect to the act of self-dealing for each year or partial year in the taxable period (as defined in section 4941(e)(1)) and shall be paid by any disqualified person (other than a foundation manager acting only in the capacity of a foundation manager) who participates in the act of self-dealing. However, if a foundation manager is also acting as a self-dealer, he may be liable for both the tax imposed by section 4941(a)(1) and the tax imposed by section 4941(a)(2).

**(2) Government officials.** In the case of a government official (as defined in sec. 4946(a)), the tax shall be imposed upon such government official who participates in an act of self-dealing, only if he knows that such act is an act of self-dealing. See paragraph (b)(3) of this section for a definition of knowing.

**(3) Participation.** For purposes of this paragraph, a disqualified person shall be treated as participating in an act of self-dealing in any case in which he engages or takes part in the transaction by himself or with others, or directs any person to do so.

**(b) Tax on foundation manager--(1) In general.** Section 4941(a)(2) of the code imposes an excise tax on the participation of any foundation manager in an act of self-dealing between a disqualified person and a private foundation. This tax is imposed only in cases in which the following circumstances are present:

(i) A tax is imposed by section 4941(a)(1),

(ii) Such participating foundation manager knows that the act is an act of self-dealing, and

(iii) The participation by the foundation manager is willful and is not due to reasonable cause.

# 2004



Department of the Treasury  
Internal Revenue Service

## Instructions for Form 5227

### Split-Interest Trust Information Return

Section references are to the Internal Revenue Code unless otherwise noted.

#### What's New

- We have deleted last year's line 17c for qualified 5-year gain and renumbered last year's line 17d for unrecaptured section 1250 gain as line 17c.
- The ordering and netting rules for long-term capital gains have changed to reflect the removal of the transition year rules for 2003. See page 5 for more information.

#### Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

### General Instructions

#### Purpose of Form

Use Form 5227 to report the financial activities of a split-interest trust described in section 4947(a)(2); and to determine whether the trust is treated as a private foundation and is subject to the excise taxes under Chapter 42.

A charitable remainder annuity trust or unitrust is exempt from federal income tax for any tax year if it:

- Was created after July 31, 1969, and
- Has no unrelated business taxable income for the tax year.

Even though the trust is exempt from federal income tax, it must file Form 5227 each year.

#### Who Must File

All charitable remainder trusts described in section 664, pooled income funds described in section 642(c)(5), and charitable lead trusts (see *Exception* below) must file Form 5227.

**Exception.** Generally, a split-interest trust created before May 27, 1969, is not required to file Form 5227. However, if any amounts were transferred to the trust after May 26, 1969, for which a deduction was allowed under any of the sections listed under section 4947(a)(2), Form 5227 must be filed for the year of the transfer and all subsequent years regardless of whether additional transfers are made in subsequent years.

Charitable lead trusts and charitable remainder trusts whose charitable interests involve only war veterans' posts or cemeteries described in sections 170(c)(3) and 170(c)(5), respectively, are not required to complete Parts VI and VII of Form 5227.

**Note:** Regulations section 1.6012-3(a)(6) references Form 1041-B. Form 5227 replaces Form 1041-B.

#### Definitions

**Split-interest trust.** A split-interest trust is a trust that:

- Is not exempt from tax under section 501(a);
- Has some unexpired interests that are devoted to purposes other than religious, charitable, or similar purposes described in section 170(c)(2)(B); and
- Has amounts transferred in trust after May 26, 1969, for which a deduction was allowed under one of the Code sections listed in section 4947(a)(2).

A split-interest trust is subject to many of the same requirements and restrictions that are imposed on private foundations.

**Recipient.** A recipient is a beneficiary who receives the possession or beneficial enjoyment of the unitrust or annuity amount.

**Foundation manager.** A foundation manager is an officer, director, or trustee (or an individual who has powers or responsibilities similar to those of officers, directors, or trustees). In the case of any act or failure to act, the term foundation manager may also include an employee of the trust who has the authority to act.

**Disqualified person.** A disqualified person is:

1. A substantial contributor;
2. A foundation manager;
3. A person who owns more than 20% of a corporation, partnership, trust, or unincorporated enterprise, which is itself a substantial contributor;
4. A member of the family of an individual in the first three categories; or
5. A corporation, partnership, trust, or estate in which persons described in 1, 2, 3, or 4 above own a total beneficial interest of more than 35%.
6. For purposes of section 4943 (excess business holdings), a disqualified person also includes:
  - a. A private foundation which is effectively controlled (directly or indirectly) by the same persons who control the trust in question, or
  - b. A private foundation substantially all of the contributions to which were made (directly or indirectly) by the same person or persons described in 1, 2, or 3 above, or members of their families, within the meaning of section 4946(d), who made (directly or indirectly) substantially all of the contributions to the trust in question.
7. For purposes of section 4941 (self-dealing), a disqualified person also includes certain government officials. (See section 4946(c) and the related regulations.)

## Line 41—Mortgages and Other Notes Payable

Enter the amount of mortgages and other notes payable at the beginning and end of the year. Attach a schedule showing, as of the end of the year, the total amount of all mortgages payable and, for each nonmortgage note payable, the name of the lender and the other information specified in the line 28 instructions. The schedule should also identify the relationship of the lender to any officer, director, trustee, or other disqualified person.

## Line 42—Other Liabilities

List and show the amount of each liability not reportable on lines 38 through 41. Attach a separate schedule if more space is needed.

Both annuity trusts and unitrusts should include any advances from trustees on line 42. Unitrusts should also include any unitrust amounts applicable to prior periods that are unpaid as of the valuation date, since such amounts reduce the net FMV of the trust's assets.

## Line 43—Total Liabilities

Columns (a) and (b) (and column (c) if a unitrust) must always have an entry, even if it is zero.

## Line 47—Total Liabilities and Net Assets

Columns (a) and (b) (and column (c) if a unitrust) must always have an entry, even if it is zero.

## Part V-A and B—Charitable Remainder Trust Information

### Line 49a

Enter the unitrust fixed percentage (which may not be less than 5% or more than 50%).

If there is more than one unitrust recipient, attach a schedule showing the percentage of the total unitrust dollar amount payable to each recipient. The sum of these individual shares should be 100%.

### Line 49b

This line must always have an entry, even if it is zero.

### Line 50a

Enter the trust's 2004 accounting income determined under the terms of the governing instrument and applicable local law. Do not include extraordinary dividends or taxable stock dividends that are determined under the governing instrument and applicable local law to be allocable to corpus.

### Line 51a

Figure the total accrued distribution deficiencies from previous years as follows.

1. Aggregate the unitrust's net asset FMV for each previous year.
2. Multiply 1 above by the unitrust's fixed percentage.
3. From the result in 2, subtract the aggregate trust income that was distributed for previous years.

### Line 52

Enter the total 2004 unitrust distributions reported in Part III.

### Line 53

Use this amount to determine future accrued distribution deficiencies.

**Short tax years.** To figure the annuity amount (line 48b) or the unitrust amount (line 52) for short tax years, multiply the annuity or unitrust amount by the number of days in the trust's tax year, and then divide the result by 365 (or 366 for leap years).

For a unitrust whose governing instrument provides for an income exception, if no valuation date occurs before the end of the trust's tax year, value the trust's assets as of the last day of the trust's tax year.

## Part VI-A and B—Statements Regarding Activities

Answer every question in these sections. If a line does not apply, enter "N/A."

### Part VI-A

#### Line 1

A split-interest trust must have a governing instrument that requires the trust to act or refrain from acting so as not to engage in an act of self-dealing under section 4941 or subject it to the excise taxes under section 4943, 4944, or 4945. The trust may satisfy the requirements either by express language in its governing instrument or by the operation of state law which imposes the above requirements on the trust or treats these requirements as being contained in the governing instrument. If a trust claims it satisfies the requirements of section 508(e) by operation of state law, the provisions of state law must effectively impose the requirements of section 508(e) on the trust.

If, however, the state law does not apply to a governing instrument which contains mandatory directions conflicting with any of its requirements and the trust has such mandatory directions in its governing instrument, then the trust has not satisfied the requirements of section 508(e) by the operation of that state law.

### Part VI-B

Complete Part VI-B to determine whether the trust has complied with the applicable Chapter 42 rules relating to private foundations and whether the trust, trustee, disqualified persons, or some combination of these, may be liable for foundation excise taxes. These excise taxes include:

- The section 4941 tax on self-dealing between the trust and "disqualified persons."
- The section 4943 tax on excess business holdings,
- The section 4944 tax on investments that jeopardize the trust's charitable purposes, and
- The section 4945 tax on taxable expenditures.

The split-interest trust pays these taxes on Form 4720. For a detailed explanation of each of these taxes, see the Instructions for Form 4720.

The excise taxes on private foundations do not apply to any amounts:

1. Payable under the terms of the trust to income beneficiaries, unless a deduction was allowed under section 170(f)(2)(B), 2055(e)(2)(B), or 2522(c)(2)(B);
2. In trust for which a charitable contribution deduction was not allowed under any provision of the Code, if the amounts are segregated (as defined in section 4947(a)(3)) from amounts for which a deduction was allowable; or
3. Transferred in trust before May 27, 1969.

## Part VII—Questionnaire for Charitable Lead Trusts, Pooled Income Funds, and Charitable Remainder Trusts

### Section A—Charitable Lead Trusts

#### Line 1

The information on this line is used to determine whether sections 4943 and 4944 apply for 2004.

#### Line 3

Enter the amount for payments described in sections 170(f)(2)(B), 2055(e)(2)(B), and 2522(c)(2)(B).

#### Line 4

Enter the amount for payments permitted by Regulations sections 1.170A-6, 20.2055-2, and 25.2522(c)-3.

### Section B—Pooled Income Funds

#### Line 2

Upon termination of the income interest retained or created by a donor, the trustee is required to sever from the fund an amount equal to the value of the remainder interest in the property upon which the income interest is based. The amount severed from the fund must either be paid to, or retained for the use of, the designated public charity, as provided in the governing instrument. See Regulations section 1.642(c)-5(b)(8) for valuation procedures.

### Section C—Charitable Remainder Trusts and Other Information

#### Line 2

If a charitable remainder annuity trust or certain charitable remainder unitrusts pay the annuity or unitrust amount after the close of the tax year, and:

1. The payment is made within a reasonable time after the close of the tax year, and
2. To the extent the payment is characterized as corpus from a property distribution (other than cash), the trustee treats any income generated by the distribution as occurring on the last day of the tax year for which the annuity or unitrust amount is due, then, the annuity trust or certain unitrusts will not be deemed to have:
  - Engaged in self-dealing (section 4941),
  - Unrelated debt-financed income (section 514),
  - Received an additional contribution (Regulations section 1.664-2(b) and 1.664-3(b)), or
  - Failed to function exclusively as a charitable remainder trust (Regulations section 1.664-1(a)(4)).

See Regulations sections 1.664-2(a)(1) and 1.664-3(a)(1) for more information.

Under Regulations section 1.664-1(d)(5), a distribution of property (other than cash) is treated as a sale by the trust.

**Note:** You must report the income (gain) generated by the property distribution (discussed above) on Part I of Form 5227 for the current tax year.

**Trusts created before December 10, 1998.** The election in Regulations sections 1.664-2(a)(1)(i)(a)(2) and

1.664-3(a)(1)(i)(g)(2) does not apply to charitable remainder annuity trusts and certain charitable remainder unitrusts whose annuity or unitrust amount is 15% or less.

### Signature

Form 5227 must be signed by the trustee or by an authorized representative.

If you, as trustee (or an employee or officer of the trust), fill in Form 5227, the Paid Preparer's space should remain blank. If someone prepares this return without charge, that person should not sign the return.

Generally, anyone who is paid to prepare a tax return must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

If you have questions about whether a preparer is required to sign the return, please contact an IRS office.

The person required to sign the return as the preparer must:

- Complete the required preparer information,
- Sign it in the space provided for the preparer's signature (a facsimile signature is acceptable), and
- Give the trustee a copy of the return in addition to the copy to be filed with the IRS.

### Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. Section 6109 requires return preparers to provide their identifying numbers on the return.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . . .	65 hr., 17 min.
Learning about the law or the form . . . . .	11 hr., 24 min.
Preparing the form . . . . .	19 hr., 24 min.
Copying, assembling, and sending the form to IRS . . . . .	1 hr., 52 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, Room 6406, 1111 Constitution Ave. NW, Washington, DC 20224. Do not send the tax form to this address. Instead, see *Where To File* on page 2.

WESTLAW

¶ D-7305 SPLIT-INTEREST TRUSTS DEFINED FOR PURPOSES OF THE PRIVATE FOUNDATION RULES.

Fed. Tax Coordinator ¶ D-7305 (2d.) Federal Tax Coordinator, Second Edition Chapter - D Exempt Organizations, Private Foundations (Approx. 5 pages)

21

FTC ¶ D-7305

THOMSON  
RIA

Fed. Tax Coordinator ¶ D-7305 (2d.)

Federal Tax Coordinator, Second Edition

Current through the December 2015 update as provided by RIA.

Copyright (c) 2016 Thomson Reuters/Tax & Accounting  
Chapter - D Exempt Organizations, Private Foundations  
D-7300 Taxable Trusts Subject to Private Foundation Rules.

¶ D-7305 SPLIT-INTEREST TRUSTS DEFINED FOR PURPOSES OF THE  
PRIVATE FOUNDATION RULES.

For purposes of the private foundation rules (see D-7200 et), a split-interest trust is a trust that—

- 1 is not exempt from tax under IRC s 501(a) (see D-4000 et),
- 2 has unexpired interests, not all of which are devoted to charitable purposes (see K-2866), and
- 3 has amounts in trust for which deductions were allowed under IRC s 170 (the income tax charitable deduction), IRC s 642(c) (the income tax charitable deduction by an estate or trust), IRC s 2055 (the estate tax charitable deduction), or IRC s 2522 (the gift tax charitable deduction).<sup>13</sup>

A trust qualified as a split-interest trust where one of its beneficiaries, a newspaper company, had a noncharitable purpose.<sup>14</sup>

Also included is any trust that isn't treated as a charitable trust by operation of the rule (see D-7303) relating to split-interest trusts in the process of winding up or during a reasonable period of settlement. The private foundation rules apply from the first date upon which those provisions are satisfied.<sup>15</sup>

Split-interest trusts are treated the same as private foundations with regard to the following:

- ... termination of private foundation status ( D-7220 et),
- ... governing instruments ( D-7219),
- ... taxes on excess business holdings ( D-7800 et),
- ... taxes on investments which jeopardize charitable purposes ( D-7900 et), and
- ... taxes on taxable expenditures ( D-8000 et).<sup>16</sup>

IRS has provided sample provisions of governing instruments for split income trusts.<sup>17</sup> See the Appendix to this Chapter.

For when split-interest trusts are *not* subject to the taxes on excess business holdings and/or investments which jeopardize charitable purposes, see D-7306.

The rules to which split-interest trusts are subject do not apply with respect to:

- ... any amounts payable under the terms of a trust to income beneficiaries unless a charitable deduction was allowed for income, estate, or gift tax purposes;<sup>18</sup>
- ... any amounts in trust other than amounts for which a charitable deduction was allowed, if these other amounts were segregated;<sup>19</sup> or
- ... any amounts transferred in trust before May 27, '69.<sup>20</sup>

Illustration H creates a charitable remainder unitrust (CRUT) (see K-3291 et) which is required annually to pay to W, H's wife, 5% of the net fair market value of the trust assets, valued annually, for her life, and to pay the remainder to Y, a charitable organization. An income tax charitable deduction was allowed with respect to Y's remainder interest. Under IRC s 4947(a)(2)(A) (footnote 18), each annual amount which becomes payable to W during her life is not subject to the excise taxes for private foundations on or after the date upon which it becomes so payable, and the payment of each amount to W is not an act of self-dealing (see D-7600 et) and does not violate any other provision of the excise tax rules on private foundations. Except for this rule, however, the trust is subject to the excise taxes under private foundation rules in the same manner as any other split-interest trust.<sup>20 1</sup>

Illustration D set up a CRUT (X). D's wife, A, was the life beneficiary of X, and D's daughter, B, was the successor life beneficiary of X. C was the charitable remainder beneficiary and trustee of X. When X was created, D received a deduction for the present value of the future interest of C. But no deduction for income, gift, or estate tax purposes was taken at any time for the life beneficiaries' interests. A and B wanted to terminate and partition X, and C agreed to the termination and partition. Under the termination and partition of X, the life beneficiaries and the charitable remainder beneficiary were each distributed the present value of their respective interests in the trust assets. Under IRC s 4947(a)(2)(A) (footnote 18), the excise taxes for private foundations applied only with respect to amounts payable under the terms of the trust to the charitable remainder beneficiary, because no deduction was taken for income, gift, or estate tax purposes for amounts payable to the life beneficiaries. Thus, the termination and partition of X and later distribution to the life beneficiaries and the charitable remainder beneficiary were not direct or indirect acts of self-dealing, and did not cause the imposition of any other excise taxes.<sup>20 2</sup>

Where amounts in trust are segregated, the trust must separately account for the various income, deduction and other items attributable to each segregated amount.<sup>21</sup>

When a private foundation represented itself to IRS for over 20 years as an exempt organization and IRS treated it as such, the foundation couldn't claim status as a split-interest trust.<sup>22</sup>

#### Footnotes

- 13 IRC s 4947(a)(2).
- 14 *Hammond, E. Wesley v. U.S.*, (1984, DC CT) 53 AFTR 2d 84-1528, 584 F Supp 163, 84-1 USTC ¶9387, *affd* (1985, CA2) 56 AFTR 2d 85-5256, 764 F2d 88, 85-2 USTC ¶9453.
- 15 **Treas. Reg. § 53.4947-1(c)(1)(i).**
- 16 IRC s 4947(a)(2); **Treas. Reg. § 53.4947-1(c)(1)(ii).**
- 17 Rev. Rul. 74-368, 1974-2 CB 390.
- 18 IRC s 4947(a)(2)(A); **Treas. Reg. § 53.4947-1(c)(2)(i).**
- 19 IRC s 4947(a)(2)(B); **Treas. Reg. § 53.4947-1(c)(3);** **Treas. Reg. § 53.4947-1(c)(4).**
- 20 IRC s 4947(a)(2)(C).
- 20.1 **Treas. Reg. § 53.4947-1(c)(2)(ii).**
- 20.2 PLR 8647007.
- 21 IRC s 4947(a)(3).
- 22 *Gladney, William Kelley v. Com.*, (1984, CA5) 54 AFTR 2d 84-6350, 745 F2d 955, 84-2 USTC ¶9917, *revg & remg* (1982) TC Memo 1982-708, PH TCM ¶82708, 45 CCH TCM 280.

FTC ¶ D-7305

End of Document

© 2016 Thomson Reuters. No claim to original U.S. Government Works

THOMSON  
RIA



## WESTLAW

## P 49, 474 CERTAIN NONEXEMPT TRUSTS.

U.S. Tax Rep. P 49, 474 United States Tax Reporter Internal Revenue Code [sec. ] 4947 (Approx. 4 pages)

USTR P 49,474



U.S. Tax Rep. P 49,474

United States Tax Reporter

Current through the December 2015 update as provided by RIA.

Copyright (c) 2016 Thomson Reuters/Tax &amp; Accounting

Explanations

Internal Revenue Code [sec. ] 4947

P 49,474 Certain nonexempt trusts

IRC 4947

## P 49,474 CERTAIN NONEXEMPT TRUSTS.

Generally, IRC § 4947 imposes many of the private foundation requirements and restrictions on nonexempt charitable trusts to prevent taxpayers from avoiding these restrictions by using nonexempt trusts instead of private foundations.

**Charitable trusts.** A trust that isn't exempt under the rules explained at P 5014 *et seq.*, and in which all of the unexpired interests are devoted to certain public purposes is treated as a private foundation (but not an exempt organization) if charitable contributions to it were allowed as deductions under IRC § 170, or similar provisions. The public purposes required are those listed in IRC § 170(c)(2)(B). These are religious, charitable, scientific, literary or educational purposes, a purpose to foster national or international amateur sports competition, or the prevention of cruelty to children or animals. For such trusts, the audit fee tax explained at P 49,404 is calculated in the same way as for a taxable foundation. Treas. Reg. § 53.4947-1(b)(1)(i), P 49,472. An estate that must distribute all net assets to charitable beneficiaries isn't treated as a private foundation during estate administration unless it's considered terminated under Treas. Reg. § 1.641(b)-3. If a charitable trust is created by will, it's generally treated as a private foundation as of the decedent-grantor's death. Treas. Reg. § 53.4947-1(b)(2). A revocable trust that becomes irrevocable on the grantor's death, and from which the trustee must distribute all net assets to beneficiaries, or in which the trustee must hold some or all of the net assets after it becomes irrevocable isn't treated as a private foundation for a reasonable settlement period. Treas. Reg. § 53.4947-1(b)(2)(v) and Treas. Reg. § 53.4947-1(b)(2)(vi). A reasonable period is also available to a charitable trust created by will and required to distribute all net assets.

**Split-interest trusts.** Split-interest trusts are trusts in which some of the unexpired interests are devoted to the charitable purposes listed in IRC § 170(c)(2)(B) and some are not. As in the case of charitable trusts, they are subject to special rules if they are not exempt and have received deductible contributions. They are treated as private foundations for purposes of the taxes on;

- self-dealing, P 49,414,
- excess business holdings, P 49,434,
- jeopardy investments, P 49,444, and
- taxable expenditures, P 49,454.

They are also subject to the termination provisions and governing instrument requirements under IRC § 4947(a)(2). However, the termination of private foundation provisions under IRC § 507(a) do not apply to split-interest trusts because of a distribution of qualified employer securities to an employee stock ownership plan in a qualified gratuitous transfer (see P 6644.05). IRC § 4947(b)(4) The excess business holdings and jeopardy investment taxes do not apply if either all the income (and none of the remainder) interest of the trust is devoted solely to IRC § 170(c)(2)(B) purposes and the charitable deduction amounts do not exceed

60% of the value of all amounts in the trust, or amounts payable to every remainder beneficiary, but none of the income beneficiaries, were deductible as charitable contributions. IRC § 4947(b)(3).

Amounts payable by the trust terms to income beneficiaries aren't taxed unless they were deducted under IRC § 170(f)(2)(B), IRC § 2055(e)(2)(B) or IRC § 2522(c)(2)(B) Any amounts in trust aren't taxed if no charitable deduction was allowed for them and they are segregated from deducted amounts so that the trust can be treated as 2 separate trusts. Treas. Reg. § 53.4947-1(c)(2) and Treas. Reg. § 53.4947-1(c)(3). The trust must separately account for income, deduction and other items properly attributable to the segregated amounts under the rules of Treas. Reg. § 53.4947-1(c)(4).

Transfers in trust before May 27, 1969, are not subject to the split interest trust rules above. Neither are income from or proceeds on the sale or exchange of the transferred assets. Transitional rules are in Treas. Reg. § 53.4947-1(c)(5).

#### **RIA Internal Revenue Code**

[Links to Internal Revenue Code Section](#)

#### **RIA Treasury Regulations**

[Links to Treasury Regulations](#)

#### **RIA USTR Annotations**

[Links to USTR Annotations](#)

#### **RIA USTR Committee Reports**

[Links to USTR Committee Reports](#)

USTR P 49,474

#### **End of Document**

© 2016 Thomson Reuters. No claim to original U.S. Government Works.

THOMSON  
RIA

## WESTLAW

**§ 34:56. Application of private foundation rules to certain nonexempt trusts**

Mertens Law of Federal Income Taxation Exempt Organizations (Approx. 4 pages)

9 Mertens Law of Fed. Income Tax'n § 34:56

Mertens Law of Federal Income Taxation

Database updated January 2016

Chapter 34. Exempt Organizations

Revised by

Scott Shimick, JD, LLM

Underberg &amp; Kessler LLP, Rochester, New York

II. Charitable Organizations

D. Private foundations

7. Nonexempt Trusts and Foreign Organizations

**§ 34:56. Application of private foundation rules to certain nonexempt trusts**

Nonexempt charitable trusts are subject to most of the same rules and restrictions that are imposed on private foundations.<sup>1</sup> A charitable trust is treated as a Section 501(c)(3) organization for the purposes of the private foundation rules and restrictions, if: (1) it is not exempt from taxation under Section 501(a); (2) all its unexpired beneficial interests are devoted to charity; and (3) an income, gift, or estate tax deduction was allowed for its charitable interest.<sup>2</sup>

A nonexempt charitable trust<sup>3</sup> that is a private foundation must terminate its private foundation status pursuant to Section 507 before it can be excluded from such status under Section 509(a)(3).<sup>4</sup> Termination, which refers to the organization's legal status, rather than to its operational status,<sup>5</sup> generally requires that the organization notify the Service of its intent to accomplish such termination.<sup>6</sup>

A "split-interest" trust, which is a trust which has a noncharitable income beneficiary and a charitable remainder beneficiary or vice versa, is also treated as a private foundation for the purposes of certain, but not all, the rules and restrictions. Such a split-interest trust must not be exempt from taxation under Section 501(a) and have amounts in trust for which an income, gift, or estate tax deduction was allowed.<sup>7</sup>

The restrictions applying to nonexempt charitable trusts are: (1) Section 507, relating to the termination of private foundation status; (2) Section 508(e), relating to governing instruments; (3) Section 4941, relating to self-dealing; (3) Section 4943, relating to excess business holdings; (4) Section 4944, relating to jeopardy investments; and (5) Section 4945 relating to taxable expenditures. Section 4942, relating to failure to distribute income, and Section 4940, relating to the excise tax on investment income, are applicable only when all of the interests in the trusts are charitable.<sup>8</sup> A nonexempt charitable trust will not be treated as a "substantial contributor" for purposes of Section 4941. Sections 4943 and 4944 apply to charitable trusts, but do not apply to split-interest trusts if: (1) all the income interests are devoted to charity and the beneficial interest of the charity is not more than 60% of the value of the trust property;<sup>9</sup> or (2) if the only interest of the charity in the trust is as a remainderman.<sup>10</sup> At such time as the charitable remainder interest comes into possession, however, the excess business holdings and the jeopardy investment restrictions become applicable.<sup>11</sup>

Westlaw. © 2016 Thomson Reuters. No Claim to Orig. U.S. Govt. Works.

**Footnotes**

1 I.R.C. § 4947.

See Rev. Rul. 74-368, 1974-2 CB 390, for examples of governing instrument provisions of I.R.C. § 4947(a)(2), I.R.C. § 4947(b)(3) split-income trusts that meet the requirements of I.R.C. § 508(e).

2 I.R.C. § 4947(a)(1).

Nonexempt trusts created to perpetuate family control of a business corporation under which income payments were made to life beneficiaries with remainder interests passing to a charitable foundation were considered private foundations under I.R.C. § 4947(a)(1). *Peters v. U. S.*, 224 Ct. Cl. 222, 624 F.2d 1020, 80-2 U.S. Tax Cas. (CCH) P 9510, 46 A.F.T.R.2d 80-5278 (1980).

3 I.R.C. § 4947(a)(1).

4 Rev. Rul. 76-92, 1976-1 CB 160.

5 *Gladney v. C.I.R.*, 745 F.2d 955, 84-2 U.S. Tax Cas. (CCH) P 9917, 54 A.F.T.R.2d 84-6350 (5th Cir. 1984) (holding that a taxpayer's failure to notify the Service was not excused by the Service's failure to promulgate Regulations under I.R.C. § 507(a)(1) by the time the challenged distributions were made).

6 I.R.C. § 507(a)(1).

7 I.R.C. § 4947(a)(2); S Rep No. 552, 91st Cong, 1st Sess 94.

See *Gladney v. C.I.R.*, 745 F.2d 955, 84-2 U.S. Tax Cas. (CCH) P 9917, 54 A.F.T.R.2d 84-6350 (5th Cir. 1984) (holding that a private foundation was not a split-interest trust because it represented itself and was treated as an exempt organization for over 20 years).

8 I.R.C. § 4947(a)(1), (2).

Unrelated business income taxable under I.R.C. § 641(a), is not includible in the gross investment income of I.R.C. § 4947(a)(1) nonexempt charitable trust in determining the tax on its investment income under I.R.C. § 4940. Rev. Rul. 74-497, 1974-2 CB 383.

A home for aged women constitutes a private foundation and is not exempt from the excise tax imposed under I.R.C. § 4940, as it meets neither the "facts and circumstances" test nor the one-third support test for publicly supported organizations. The one-third support test is set forth in Reg. § 1.170A-9(e)(2). *Trustees for the Home for Aged Women v. U.S.*, 86-1 U.S. Tax Cas. (CCH) P 9290, 57 A.F.T.R.2d 86-1261, 1986 WL 3494 (D. Mass. 1986).

9 Rev. Rul. 73-455, 1973-2 CB 187. See §§ 48:1 et seq..

10 I.R.C. § 4947(b)(3)(A).

11 I.R.C. § 4947(b)(3)(B).

End of Document

© 2016 Thomson Reuters. No claim to original U.S. Government Works.

WESTLAW

¶20965.Trusts subject to private foundation rules.

American Jurisprudence, Second Edition (Approx. 2 pages)

34 Am. Jur. 2d Federal Taxation ¶ 20965

American Jurisprudence, Second Edition

February 2016 Update

Federal Taxation

¶ 20000. Farmers—Cooperatives—Natural Resources—Banks—Tax-Exempt Organizations

¶ 20950. Taxation of Private Foundations.

References

¶ 20965. Trusts subject to private foundation rules.

Certain charitable trusts<sup>48</sup> and split interest trusts<sup>49</sup> may be subject to some of the private foundation rules. The Code sets forth the provisions to which these trusts are subject<sup>50</sup> and describes the limited circumstances in which these rules don't apply.<sup>1</sup>

© 2016 Thomson Reuters. 33-34B © 2016 Thomson Reuters/RIA. No Claim to Orig. U.S.

Govt. Works. All rights reserved.

AMJUR FEDTAXN ¶ 20965

Footnotes

48 I.R.C. § 4947(a)(1).

49 I.R.C. § 4947(a)(2).

50 I.R.C. § 4947(a).

1 I.R.C. § 4947(b).

End of Document

© 2016 Thomson Reuters. No claim to original U.S. Government Works.





**FOUNDERS**

Warren Trepp  
Carla Hanson

**BOARD OF DIRECTORS**

David Hardie, CHAIRMAN  
Roi Alling  
Carole Anderson  
George Ashley  
Brett Fredman  
Mary Jurkonis  
Aimee LaFayette  
Catherine Hutton Markwell  
John McLaughlin  
Aaron Moore  
Alvaro Pascotto  
Elbridge Stuart  
Sul Waiser.

**EMERITUS BOARD**

Warren Trepp, CHAIRMAN  
Joyce Benka  
Ed Boleky  
Joe Bourdeau  
Janusz Clark  
Judy Clydesdale  
Nanci Glogauer  
Hank Harris  
Howard Marguleas  
Dean Meiling  
Wendy Mueller  
Janet Paul  
Wayne Prim  
Gary Pulver  
Rod Smalkwood  
Mike Smith  
David Williams  
Stuart Young

January 25, 2016

Robert W. Holman, Jr.



I am writing to confirm the following information as it relates to the Holman Charitable Remainder Unitrust 02:

1. On January 1, 2008 the Parasol Tahoe Community Foundation, a 501(C)3 public charity incorporated in the state of Nevada, signed an agreement to succeed the charitable beneficiary on the Holman CRUT originally established on December 16, 2002.
2. The Parasol Tahoe Community Foundation booked the completed gift on January 9, 2009 totaling \$2,353,777.66 which represented the value of the Charitable Remainder Interest of \$2,189,565.91 plus accrued interest due to delayed payment.

Sincerely,

A handwritten signature in black ink, appearing to read "Claudia Andersen".

Claudia Andersen  
CEO

948 Incline Way  
Incline Village, NV  
89451  
775.298.0100  
parasol.org

# Split-Interest Trust Information Return

▶ See separate instructions.

Full name of trust <b>HOLMAN CHARITABLE REMAINDER UNITRUST 02</b>		A Employer identification number [REDACTED]
Name of trustee <b>ROBERT W HOLMAN JR</b>		B Type of Entity: (1) <input type="checkbox"/> Charitable lead trust (2) <input type="checkbox"/> Charitable remainder annuity trust described in section 664(d)(1) (3) <input checked="" type="checkbox"/> Charitable remainder unitrust described in section 664(d)(2) (4) <input type="checkbox"/> Pooled income fund described in section 642(c)(5) (5) <input type="checkbox"/> Other
Number, street, and room or suite no. (If a P.O. box, see instructions.) [REDACTED]		
City, state, and ZIP code [REDACTED]		
C Fair market value (FMV) of assets at end of tax year <b>7,955,250.</b>	D Date the trust was created <b>12/16/2002</b>	
E Check applicable <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return boxes: <input type="checkbox"/> Change in trustee's <input type="checkbox"/> Name <input type="checkbox"/> Address		
F Did the split-interest trust have any unrelated business taxable income (section 664 trusts only)? If "Yes," file Form 1041 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

Part I Ordinary Income (Section 664 trust only)			
1 Interest income	SEE STATEMENT 1	1	132,589.
2a Qualified dividends (see instructions)	2a		
b Ordinary dividends (including qualified dividends)	SEE STATEMENT 2	2b	25.
3 Business income or (loss) (attach Schedule C or C-EZ (Form 1040))		3	
4 Rents, royalties, partnerships, other estates and trusts, etc. (attach Schedule E (Form 1040))		4	<50,316.>
5 Farm income or (loss) (attach Schedule F (Form 1040))		5	
6 Ordinary gain or (loss) (attach Form 4797)		6	
7 Other income (state nature of income)		7	
8 Total ordinary income (add lines 1, 2b, and 3 through 7)		8	82,298.

Deductions Allocable to Ordinary Income			
9 Interest		9	
10 Taxes		10	
11 Other deductions (attach a separate sheet listing deductions)	STATEMENT 4	11	3,023.
12 Total deductions (add lines 9 through 11)		12	3,023.
13 Ordinary income less deductions (subtract line 12 from line 8). Enter here and on line 21, column (a)		13	79,275.

Capital Gains (Losses) and Allocable Deductions			
14 Total short-term capital gain or (loss) for tax year (attach Schedule D (Form 1041))	14		
15 Deductions allocable to short-term capital gains	15		
16 Balance (subtract line 15 from line 14). Enter here and on line 21, column (b)		16	
17a Total long-term capital gain or (loss) for tax year (attach Schedule D (Form 1041))	17a		3,195,301.
b 28% rate gain or (loss)	17b		
c Unrecaptured section 1250 gain	17c		113,636.
18 Deductions allocable to long-term capital gains	18		
19 Balance (subtract line 18 from line 17a). Enter here and on line 21, column (c)		19	3,195,301.

Part II Accumulation Schedule (Section 664 trust only)				
Accumulations	(a) Ordinary income	Capital gains and (losses)		(d) Nontaxable income
		(b) Net short-term	(c) Net long-term	
20 Undistributed from prior tax years	<149,421.>			<283.>
21 Current tax year (before distributions)	79,275.		3,195,301.	<80.>
22 Total (add lines 20 and 21)	<70,146.>		3,195,301.	<363.>
23 Undistributed at end of tax year	<70,146.>		2,026,532.	<363.>

Part III Current Distributions Schedule (Section 664 trust only)						
Name of recipient	Identifying number	(a) Ordinary income	Capital gains		(d) Nontaxable income	(e) Corpus
			(b) Short-term	(c) Long-term		
24a						
b	SEE STATEMENT 3					
c						

**Part IV Balance Sheet** (see page 6 of the instructions)

		(a) Beginning-of-Year Book Value	(b) End-of-Year Book Value	(c) FMV
<b>Assets</b>				
25	Cash - non-interest bearing .....	25		
26	Savings and temporary cash investments .....	26	40,240.	5,678,589.
27 a	Accounts receivable .....	27a		
b	Less: allowance for doubtful accounts .....	27b		
28	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) .....	28		
29 a	Other notes and loans receivable .....	29a		
b	Less: allowance for doubtful accounts .....	29b		
30	Inventories for sale or use .....	30		
31	Prepaid expenses and deferred charges .....	31		
32 a	Investments - U.S. and state government obligations .....	32a		
b	Investments - corporate stock (attach schedule) .....	32b		
c	Investments - corporate bonds (attach schedule) .....	32c		
33 a	Investments - land, buildings, and equipment: <b>STMT 6</b> basis .....	33a		
b	Less: accumulated depreciation .....	33b	4,662,879.	8,000,000.
34	Investments - other (attach schedule) <b>STATEMENT 7</b> .....	34		1,130,257.
35 a	Land, buildings, and equipment: basis .....	35a		
b	Less: accumulated depreciation .....	35b		
36	Other assets (describe ►) .....	36		
37	<b>Total assets</b> (add lines 25 through 36) (must equal line 47) .....	37	4,703,119.	6,808,846.
<b>Liabilities</b>				
38	Accounts payable and accrued expenses .....	38		
39	Deferred revenue .....	39		
40	Loans from officers, directors, trustees, and other disqualified persons .....	40		
41	Mortgages and other notes payable (attach schedule) .....	41		
42	Other liabilities (describe ►) .....	42		
43	<b>Total liabilities</b> (add lines 38 through 42) .....	43	0.	0.
<b>Net Assets</b>				
44	Trust principal or corpus .....	44	4,852,823.	4,852,823.
45 a	Undistributed income .....	45a	<149,421.>	<70,146.>
b	Undistributed capital gains .....	45b		2,026,532.
c	Undistributed nontaxable income .....	45c	<283.>	<363.>
46	<b>Total net assets</b> (add lines 44 through 45c) .....	46	4,703,119.	6,808,846.
47	<b>Total liabilities and net assets</b> (add lines 43 and 46) .....	47	4,703,119.	6,808,846.

**Part V-A Charitable Remainder Annuity Trust Information** (to be completed only by a section 664 charitable remainder annuity trust)

48 a	Enter the initial fair market value (FMV) of the property placed in the trust .....	48a	
b	Enter the total annual annuity amounts for all recipients (attach schedule showing the amount for each recipient if more than one) .....	48b	

**Part V-B Charitable Remainder Unitrust Information** (to be completed only by a section 664 charitable remainder unitrust)

49 a	Enter the unitrust fixed percentage to be paid to the recipients .....	49a	7.1000 %
b	Unitrust amount. Subtract line 43, column (c), from line 37, column (c), and multiply the result by the percentage on line 49a. <b>SEE STATEMENT 8</b> .....	49b	570,857.
50 a	Trust's accounting income for 2004 .....	50a	3,274,576.
b	Enter the smaller of line 49b or line 50a here, and on line 52 on page 3, unless the Caution below applies .....	50b	570,857.

**Caution:** Lines 51a and b need to be completed by those unitrusts whose governing instruments provide for current distributions to make up for any distribution deficiencies in previous years due to the trust income limit. See Regulations section 1.664-3(a)(1)(i)(b)(2). For these trusts, when completing line 52 enter the smaller of line 50a or line 51b.

51a	Total accrued distribution deficiencies from previous years (see page 8 of the instructions)	51a	597,912.
b	Add lines 49b and 51a	51b	1,168,769.
52	Unitrust distributions for 2004	52	1,168,769.
53	Carryover of distribution deficiency (subtract line 52 from line 51b)	53	
54	Did the trustee change the method of determining the fair market value of the assets? If "Yes," attach an explanation.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
55	Were any additional contributions received by the trust during 2004? If "Yes," attach a schedule that lists the assets and the date(s) received.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

**Part VI-A Statements Regarding Activities** (see page 8 of the instructions)

		Yes	No
1	Are the requirements of section 508(e) satisfied either: • By the 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
2	Are you using this return only to report the income and assets of a segregated amount under section 4947(a)(2)(B)?		X

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

File Form 4720 if any item is checked in the "Yes" column (to the right), unless an exception applies.

		Yes	No
1	Self-dealing (section 4941):		
a	During 2004, did the trust (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 trust 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 sections 53.4941(d)-3 and 4, or in a current Notice regarding disaster assistance (see page 9 of the instructions)? Organizations relying on a current Notice regarding disaster assistance, check here N/A <input type="checkbox"/>	1b	N/A
c	Did the trust engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before January 1, 2004?	1c	X
2	Does section 4947(b)(3)(A) or (B) apply? (See page 9 of the instructions.) (If "Yes," check the "N/A" box in questions 3 and 4.) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
3	Taxes on excess business holdings (section 4943): <input checked="" type="checkbox"/> N/A		
a	Did the trust hold more than a 2% direct or indirect interest in any business enterprise at any time during 2004? N/A <input type="checkbox"/> Yes <input type="checkbox"/> No		
b	If "Yes," did the trust have excess business holdings in 2004 as a result of (1) any purchase by the trust 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 trust had excess business holdings in 2004.	3b	N/A
4	Taxes on investments that jeopardize charitable purposes (section 4944): <input checked="" type="checkbox"/> N/A		
a	Did the trust invest during 2004 any amount in a manner that would jeopardize its charitable purpose?	4a	N/A
b	Did the trust 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 January 1, 2004?	4b	N/A
5	Taxes on taxable expenditures (section 4945) and political expenditures (section 4955):		
a	During 2004 did the trust pay or incur any amount to:		
(1)	Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Provide for any purpose other than religious, charitable, scientific, literary, or educational, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

- 5b** 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 page 9 of the 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 trust claim exemption from the tax because it maintained expenditure responsibility for the grant? (See page 9 of the instructions.)  
 If "Yes," attach the statement required by Regulations section 53.4945-5(d). N/A  Yes  No
- 6 Personal benefit contracts (section 170(f)(10)):**
- a** Did the trust, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No
- b** Did the trust, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No  
 If "Yes," to 6b file Form 8870 (see instructions).

	Yes	No
5b		N/A
6b		X

**Part VII Questionnaire for Charitable Lead Trusts, Pooled Income Funds, and Charitable Remainder Trusts**

**Section A - Charitable Lead Trusts**

- 1** Does the governing instrument require income in excess of the required annuity or unitrust payments to be paid for charitable purposes?  Yes  No
- 2** Enter the amount of any excess income required to be paid for charitable purposes for 2004 2
- 3** Enter the amount of annuity or unitrust payments required to be paid to charitable beneficiaries for 2004 3
- 4** Enter the amount of annuity or unitrust payments required to be paid to private beneficiaries for 2004 4

**Section B - Pooled Income Funds**

- 1** Enter the amount of contributions received during 2004 1
- 2** Enter the amount required to be distributed for 2004 to satisfy the remainder interest 2
- 3** Enter any amounts that were required to be distributed to the remainder beneficiary that remain undistributed 3
- 4** Enter the amount of income required to be paid to private beneficiaries for 2004 4
- 5** Enter the amount of income required to be paid to the charitable remainder beneficiary for 2004 5

**Section C - Charitable Remainder Trusts and Other Information**

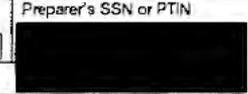
(All split-interest trusts, check applicable boxes.)

- 1** Check this box if you are filing for a charitable remainder annuity trust or a charitable remainder unitrust whose charitable interests involve only cemeteries or war veterans' posts
- 2** Check this box if you are making an election under Regulations section 1.664-2(a)(1)(i)(a)(2) or 1.664-3(a)(1)(i)(g)(2) to treat income generated from certain property distributions (other than cash) by the trust as occurring on the last day of the tax year. (See page 10 of the instructions.)
- 3** Check this box if any of the split-interest trust's income interests expired during 2004

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 trustee) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of trustee or officer representing trustee Date

<b>Paid Preparer's Use Only</b>	Preparer's signature 	Date <u>4-4-05</u>	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN 
	Firm's name (or yours, if self-employed), address, and ZIP code <u>JOHN B. THAYER, CPA, APC</u>	EIN 	Phone no. <u>775-448-9700</u>	

**SCHEDULE D**  
**(Form 1041)**  
Department of the Treasury  
Internal Revenue Service

**Capital Gains and Losses**

▶ Attach to Form 1041, Form 5227, or Form 990-T. See the separate instructions for Form 1041 (also for Form 5227 or Form 990-T, if applicable).

OMB No. 1545-0092

**2004**

Name of estate or trust

Employer identification number

**HOLMAN CHARITABLE REMAINDER UNITRUST 02**

Note: Form 5227 filers need to complete only Parts I and II.

**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example, 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis	(f) Gain or (Loss) for the entire year (col. (d) less col. (e))
1					

2 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824	2
3 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts	3
4 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2003 Capital Loss Carryover Worksheet	4 ( )
5 Net short-term gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on line 13, column (3) below	5

**Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year**

(a) Description of property (Example, 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis	(f) Gain or (Loss) for the entire year (col. (d) less col. (e))
6					

7 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824	7
8 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts	8
9 Capital gain distributions	9
10 Gain from Form 4797, Part I	10 3,195,301.
11 Long-term capital loss carryover. Enter the amount, if any, from line 14 of the 2003 Capital Loss Carryover Worksheet	11 ( )
12 Net long-term gain or (loss). Combine lines 6 through 11 in column (f). Enter here and on line 14a, column (3) below	12 3,195,301.

**Part III Summary of Parts I and II**

Caution: Read the instructions before completing this part.

	(1) Beneficiaries	(2) Estate's or trust's	(3) Total
13 Net short-term gain or (loss)	13		
14 Net long-term gain or (loss):			
a Total for year	14a		
b Unrecaptured section 1250 gain (see line 18 of the worksheet on page 34)	14b		
c 28% rate gain or (loss)	14c		
15 Total net gain or (loss). Combine lines 13 and 14a	15		

Note: If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4. If lines 14a and 15, column (2), are net gains, go to Part V, and do not complete Part IV. If line 15, column (3), is a net loss, complete Part IV and the Capital Loss Carryover Worksheet, as necessary.

**SCHEDULE E**

**(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Supplemental Income and Loss**

(From rental real estate, royalties, partnerships,  
S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041.

▶ See Instructions for Schedule E (Form 1040).

OMB No. 1545-0074

**2004**

Attachment  
Sequence No. **13**

Name(s) shown on return

Your social security number

**HOLMAN CHARITABLE REMAINDER UNITRUST 02**

**Part I** **Income or Loss From Rental Real Estate and Royalties** Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss from Form 4835 on page 2, line 40.

1	List the type and location of each rental real estate property:	2	For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:	Yes	No
A	RESIDENTIAL RENTAL CARMEL, CA		<ul style="list-style-type: none"> <li>• 14 days or</li> <li>• 10% of the total days rented at fair rental value?</li> </ul> (See page E-3.)		X
B					
C					

Income:	Properties			Totals
	A	B	C	(Add columns A, B, and C.)
3 Rents received	19,210.			19,210.
4 Royalties received				
<b>Expenses:</b>				
5 Advertising				
6 Auto and travel (see page E-4)	72.			
7 Cleaning and maintenance	14,536.			
8 Commissions				
9 Insurance	2,738.			
10 Legal and other professional fees				
11 Management fees	4,803.			
12 Mortgage interest paid to banks, etc. (see page E-4)				
13 Other interest				
14 Repairs	4,464.			
15 Supplies				
16 Taxes	12,132.			
17 Utilities	816.			
18 Other (list) ▶ SEE STATEMENT 9	3,450.			
19 Add lines 5 through 18	43,011.			43,011.
20 Depreciation expense or depletion (see page E-4)	26,515.			26,515.
21 Total expenses. Add lines 19 and 20	69,526.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-4 to find out if you must file Form 8198.	<50,316.>			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-4 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	ENTIRE DISP 50,316.)			
24 Income. Add positive amounts shown on line 22. Do not include any losses				
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here				( 50,316.)
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2				<50,316.>



Department of the Treasury  
Internal Revenue Service

Beneficiary's Share of Income, Deductions, Credits, etc.

for the calendar year 2004, or fiscal year

beginning \_\_\_\_\_, 2004, ending \_\_\_\_\_

OMB No. 1545-0092

2004

▶ Complete a separate Schedule K-1 for each beneficiary.

Name of trust or decedent's estate

Amended K-1  
 Final K-1

HOLMAN CHARITABLE REMAINDER UNITRUST 02

Beneficiary's identifying number ▶

Estate's or trust's EIN ▶

Beneficiary's name, address, and ZIP code

ROBERT W HOLMAN JR

Fiduciary's name, address, and ZIP code

ROBERT W HOLMAN JR

(a) Allocable share item		(b) Amount	(c) Calendar year 2004 Form 1040 filers enter the amounts in column (b) on:
1	Interest	1	Form 1040, line 8a
2 a	Qualified dividends	2a	Form 1040, line 9b
b	Total ordinary dividends	2b	Form 1040, line 9a
3	Net short-term capital gain	3	Schedule D, line 5, column (f)
4 a	Net long-term capital gain	4a	584,384. Schedule D, line 12 column (f)
b	Unrecaptured section 1250 gain	4b	56,818. Line 11 of the worksheet for Schedule D, line 19
c	28% rate gain	4c	Line 4 of the worksheet for Schedule D, line 18
5 a	Annuities, royalties, and other nonpassive income before directly apportioned deductions	5a	Schedule E, Part III, column (f)
b	Depreciation	5b	
c	Depletion	5c	
d	Amortization	5d	
6 a	Trade or business, rental real estate, and other rental income before directly apportioned deductions (see instructions)	6a	Schedule E, Part III
b	Depreciation	6b	
c	Depletion	6c	
d	Amortization	6d	
7	Income for minimum tax purposes	7	
8	Income for regular tax purposes (add lines 1, 2b, 3, 4a, 5a, and 6a)	8	
9	Adjustment for minimum tax purposes (subtract line 8 from line 7)	9	Form 6251, line 14
10	Estate tax deduction (including certain generation-skipping transfer taxes)	10	Schedule A, line 27
11	Foreign taxes	11	Form 1040, line 46 or Schedule A, line 8
12	Adjustments and tax preference items (itemize):		
a	Accelerated depreciation	12a	} Include on the applicable line of Form 6251 2005 Form 8801
b	Depletion	12b	
c	Amortization	12c	
d	Exclusion items	12d	
13	Deductions in the final year of trust or decedent's estate:		
a	Excess deductions on termination (see instructions)	13a	Schedule A, line 22
b	Short-term capital loss carryover	13b	Schedule D, line 5, column (f)
c	Long-term capital loss carryover	13c	Sch. D, line 12, col. (f); line 6 of the wrkst. for Sch. D, line 18; and line 16 of the wrkst. for Sch. D, line 19
d	Net operating loss (NOL) carryover for regular tax purposes	13d	Form 1040, line 21
e	NOL carryover for minimum tax purposes	13e	See the instructions for Form 6251, line 27
f		13f	} Include on the applicable line of the appropriate tax form
g		13g	
14	Other (itemize):		
a	Payments of estimated taxes credited to you	14a	Form 1040, line 64
b	Tax-exempt interest	14b	Form 1040, line 8b
c		14c	} Include on the applicable line of the appropriate tax form
d		14d	
e		14e	

Department of the Treasury  
 Internal Revenue Service

**Beneficiary's Share of Income, Deductions, Credits, etc.**

for the calendar year 2004, or fiscal year

beginning \_\_\_\_\_, 2004, ending \_\_\_\_\_

▶ **Complete a separate Schedule K-1 for each beneficiary.**

OMB No. 1545-0092

**2004**

Amended K-1  
 Final K-1

Name of trust or decedent's estate

**HOLMAN CHARITABLE REMAINDER UNITRUST 02**

Beneficiary's identifying number ▶ [REDACTED]

Estate's or trust's EIN ▶ [REDACTED]

Beneficiary's name, address, and ZIP code

**MARGARET E HOLMAN**  
 [REDACTED]

Fiduciary's name, address, and ZIP code

**ROBERT W HOLMAN JR**  
 [REDACTED]

(a) Allocable share item		(b) Amount	(c) Calendar year 2004 Form 1040 filers enter the amounts in column (b) on:
<b>1</b> Interest	<b>1</b>		Form 1040, line 8a
<b>2 a</b> Qualified dividends	<b>2a</b>		Form 1040, line 9b
<b>b</b> Total ordinary dividends	<b>2b</b>		Form 1040, line 9a
<b>3</b> Net short-term capital gain	<b>3</b>		Schedule D, line 5, column (f)
<b>4 a</b> Net long-term capital gain	<b>4a</b>	<b>584,385.</b>	Schedule D, line 12 column (f)
<b>b</b> Unrecaptured section 1250 gain	<b>4b</b>	<b>56,818.</b>	Line 11 of the worksheet for Schedule D, line 19
<b>c</b> 28% rate gain	<b>4c</b>		Line 4 of the worksheet for Schedule D, line 18
<b>5 a</b> Annuities, royalties, and other nonpassive income before directly apportioned deductions	<b>5a</b>		Schedule E, Part III, column (f)
<b>b</b> Depreciation	<b>5b</b>		
<b>c</b> Depletion	<b>5c</b>		
<b>d</b> Amortization	<b>5d</b>		
<b>5 a</b> Trade or business, rental real estate, and other rental income before directly apportioned deductions (see instructions)	<b>6a</b>		Schedule E, Part III
<b>b</b> Depreciation	<b>6b</b>		
<b>c</b> Depletion	<b>6c</b>		
<b>d</b> Amortization	<b>6d</b>		
<b>7</b> Income for minimum tax purposes	<b>7</b>		
<b>8</b> Income for regular tax purposes (add lines 1, 2b, 3, 4a, 5a, and 6a)	<b>8</b>		
<b>9</b> Adjustment for minimum tax purposes (subtract line 8 from line 7)	<b>9</b>		Form 6251, line 14
<b>10</b> Estate tax deduction (including certain generation-skipping transfer taxes)	<b>10</b>		Schedule A, line 27
<b>11</b> Foreign taxes	<b>11</b>		Form 1040, line 46 or Schedule A, line 8
<b>12</b> Adjustments and tax preference items (itemize):			
<b>a</b> Accelerated depreciation	<b>12a</b>		} Include on the applicable line of Form 6251 2005 Form 8801
<b>b</b> Depletion	<b>12b</b>		
<b>c</b> Amortization	<b>12c</b>		
<b>d</b> Exclusion items	<b>12d</b>		
<b>13</b> Deductions in the final year of trust or decedent's estate:			
<b>a</b> Excess deductions on termination (see instructions)	<b>13a</b>		Schedule A, line 22
<b>b</b> Short-term capital loss carryover	<b>13b</b>		Schedule D, line 5, column (f)
<b>c</b> Long-term capital loss carryover	<b>13c</b>		Sch. D, line 12, col. (f); line 5 of the wksh. for Sch. D, line 18; and line 16 of the wksh. for Sch. D, line 19
<b>d</b> Net operating loss (NOL) carryover for regular tax purposes	<b>13d</b>		Form 1040, line 21
<b>e</b> NOL carryover for minimum tax purposes	<b>13e</b>		See the instructions for Form 6251, line 27
<b>f</b>	<b>13f</b>		} Include on the applicable line of the appropriate tax form
<b>g</b>	<b>13g</b>		
<b>14</b> Other (itemize):			
<b>a</b> Payments of estimated taxes credited to you	<b>14a</b>		Form 1040, line 64
<b>b</b> Tax-exempt interest	<b>14b</b>		Form 1040, line 8b
<b>c</b>	<b>14c</b>		} Include on the applicable line of the appropriate tax form
<b>d</b>	<b>14d</b>		
<b>e</b>	<b>14e</b>		

**Sales of Business Property**  
 (Also Involuntary Conversions and Recapture Amounts  
 Under Sections 179 and 280F(b)(2))  
 ▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return

Identifying number

**HOLMAN CHARITABLE REMAINDER UNITRUST 02**

1 Enter the gross proceeds from sales or exchanges reported to you for 2004 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year** (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						
3	Gain, if any, from Form 4684, line 39					3
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37					4
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824					5
6	Gain, if any, from line 32, from other than casualty or theft					6 3,195,301.
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: <b>Partnerships (except electing large partnerships) and S corporations.</b> Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. <b>All others.</b> If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.					7 3,195,301.
8	Nonrecaptured net section 1231 losses from prior years (see instructions)					8
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D (see instructions)					9

**Part II Ordinary Gains and Losses**

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss)

11	Loss, if any, from line 7					11
12	Gain, if any, from line 7 or amount from line 8, if applicable					12
13	Gain, if any, from line 31					13
14	Net gain or (loss) from Form 4684, lines 31 and 38a					14
15	Ordinary gain from installment sales from Form 6252, line 25 or 36					15
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824					16
17	Combine lines 10 through 16					17
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: <b>a</b> If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18a." See instructions <b>b</b> Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14					18a
						18b

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
* A	RESIDENTIAL RENTAL	01/01/03	04/20/04		
B					
C					
D					
These columns relate to the properties on lines 19A through 19D.		Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20 8,225,000.			
21	Cost or other basis plus expense of sale	21 5,143,335.			
22	Depreciation (or depletion) allowed or allowable	22 113,636.			
23	Adjusted basis. Subtract line 22 from line 21	23 5,029,699.			
24	Total gain. Subtract line 23 from line 20	24 3,195,301.			
25	<b>If section 1245 property:</b>				
a	Depreciation allowed or allowable from line 22	25a			
b	Enter the smaller of line 24 or 25a	25b			
26	<b>If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a	Additional depreciation after 1975 (see instructions)	26a			
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d	Additional depreciation after 1969 and before 1976	26d			
e	Enter the smaller of line 26c or 26d	26e			
f	Section 291 amount (corporations only)	26f			
g	Add lines 26b, 26e, and 26f	26g 0.			
27	<b>If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a	Soil, water, and land clearing expenses	27a			
b	Line 27a multiplied by applicable percentage	27b			
c	Enter the smaller of line 24 or 27b	27c			
28	<b>If section 1254 property:</b>				
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a			
b	Enter the smaller of line 24 or 28a	28b			
29	<b>If section 1255 property:</b>				
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b	Enter the smaller of line 24 or 29a (see instructions)	29b			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	3,195,301.
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	3,195,301.

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation. See instructions	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

**California Nonresident or Part-Year Resident Income Tax Return 2005**

**Long Form**

FORM **540NR** C1 Side 1

Fiscal year filers only: Enter month of year end: month \_\_\_\_\_ year 2006.

	HOLM **		05		P
ROBERT	W	HOLMAN			AC
MARGARET	E	HOLMAN			A
					R
					RP

**Filing Status** Check only one.

1  Single

2  Married filing jointly (even if only one spouse had income)

3  Married filing separately. Enter spouse's social security number above and full name here \_\_\_\_\_

4  Head of household (with qualifying person). STOP. See instructions.

5  Qualifying widow(er) with dependent child. Enter year spouse died \_\_\_\_\_

**Exemptions** Enclose, but do not staple, any payment.

6 If your parent (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, check the box  6

7 **Personal:** If you checked in 1, 3, or 4 above, enter 1 in the box. If you checked in 2 or 5, enter 2 in the box. If you checked the box on line 6, see instructions ..... 7  2 X \$87 = \$ 174

8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 ..... 8  X \$87 = \$ \_\_\_\_\_

9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 ..... 9  X \$87 = \$ \_\_\_\_\_

10 **Dependents:** Enter name and relationship. Do not include yourself or your spouse.  
**SEE STATEMENT 1**

Total dependent exemptions ..... 10  2 X \$272 = \$ 544

11 **Exemption amount:** Add line 7 through line 10 ..... 11 \$ 718

**Total Taxable Income**

12 Total California wages from all your Form(s) W-2, box 18 or CA Sch W-2 CG, line C ..... 12 \_\_\_\_\_

13 Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 35; or Form 1040NR-EZ, line 10 ..... 13 2,612,983.

14 California adjustments - subtractions. Enter the amount from Schedule CA (540NR), line 37, column B ..... 14 589,559.

15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions ..... 15 2,023,424.

16 California adjustments - additions. Enter the amount from Schedule CA (540NR), line 37, column C ..... 16 7,148.

17 Adjusted gross income from all sources. Combine line 15 and line 16 ..... 17 2,030,572.

18 Enter the larger of: Your California **itemized deductions** from Schedule CA (540NR), line 43; OR Your California **standard deduction** (see left margin). See instructions ..... 18 84,614.

19 Subtract line 18 from line 17. This is your **total taxable income**. If less than zero, enter -0- ..... 19 1,945,958.

**California Taxable Income**

20 Tax on the amount shown on line 19. Check the box if from:  
 Tax Table  Tax Rate Schedule  FTB 3800 or  FTB 3803 ..... 20 176,912.  
**Caution:** If under age 14 and you have more than \$1,600 of investment income. See instructions.

21 CA adjusted gross income from Schedule CA (540NR), Part IV, line 45 ..... 21 706,529.

22 CA Taxable Income from Schedule CA (540NR), Part IV, line 49 ..... 22 677,092.

23 CA Tax Rate. Divide line 20 by line 19 ..... 23 .0909

24 CA Tax Before Exemption Credits. Multiply line 22 by line 23 ..... 24 61,548.

25a CA Exemption Credit Percentage. Divide line 22 by line 19. If more than 1, enter 1.0000 ..... 25a .3479

25b CA Prorated Exemption Credits. Multiply line 11 by line 25a. If the amount on line 13 is more than \$143,839, see instructions ..... 25b 0.

25c CA Regular Tax Before Credits. Subtract line 25b from line 24. If less than zero, enter -0- ..... 25c 61,548.

26 Tax. Check the box if from:  
 Schedule G-1, Tax on Lump-Sum Distributions  
 Form FTB 5870A, Tax on Accumulation Distribution of Trusts ..... 26 61,548.

27 Add line 25c and line 26. Continue to Side 2 ..... 27 61,548.

**TERMINATION AND DISTRIBUTION AGREEMENT  
THE HOLMAN CHARITABLE REMAINDER UNITRUST 02**

THIS TERMINATION AND DISTRIBUTION AGREEMENT (the "Agreement") of The Holman Charitable Remainder Unitrust 02 (the "CRUT") is made effective as of this 1<sup>st</sup> day of January, 2008 (the "Effective Date"), by and among ROBERT W. HOLMAN and MARGARET E. HOLMAN (collectively, the "Holmans") and THE PARASOL TAHOE COMMUNITY FOUNDATION, INC., a Nevada non-profit corporation ("Parasol").

**RECITALS**

WHEREAS, on December 16, 2002, the Holmans established the CRUT as a charitable remainder unitrust as described under Section 664(d)(2) of the Code; and

WHEREAS, the trust agreement of the CRUT provides that during the duration of their lives, the trustees shall pay the Holmans in quarterly installments an amount equal to the lesser of: (i) the trust income for the taxable year; and (ii) seven and one-tenth percent (7.1%) of the net fair market value of the trust assets as of the first day of each taxable year; and

WHEREAS, the trust agreement of the CRUT provides that the trust shall terminate upon the death of the last of the Holmans and the remainder be distributed to a publicly supported charitable organization as designated by the Holmans; and

WHEREAS, the trust agreement of the CRUT provides that Nevada law shall govern the interpretation of the trust agreement of the CRUT; and

WHEREAS, the Holman desire the early termination of the CRUT using the methodology stated under Section 1.664-4 of the Treasury Regulations and as provided by the Internal Revenue Service whereby the early termination of the CRUT will not constitute an act of self-dealing by the trustees and income beneficiaries under Section 4941(a)(1) of the Code and will not be subject to a termination tax under Section 507 of the Code; and

WHEREAS, the laws of the State of Nevada permit early termination of the CRUT, provided there is a termination agreement among the trustees, income beneficiaries and charitable remainder beneficiary; and

WHEREAS, Parasol is a tax exempt organization under Section 501(c)(3) of the Code, a publicly supported tax exempt organization under Section 509(a)(1) of the Code, and a charitable organization within the meaning of Sections 170(b)(1)(A), 2055(a), and 2522(a) of the Code.

WHEREAS, Parasol desires to receive and the Holmans desire to designate Parasol as recipient of the present value of the remainder interest of the CRUT; and

WHEREAS, as of the Effective Date, the balance of the CRUT is Seven Million Four Hundred Fifteen Thousand Four Hundred Seventy and 29/100 United States Dollars (US\$7,415,470.29), the Section 7520 Rate for January 2008 is Four and Four-Tenths percent (4.4%), the nearest ages of the Holmans is sixty-four years (64) and fifty-two year (52), and their

respective physicians have opined that they have no knowledge of any physical condition that would decrease the normal life expectancies of the Holmans.

NOW, THEREFORE, in consideration of the above recitals, the terms and conditions hereinafter set forth, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Trust Termination and Distribution. The trustees shall cause the CRUT to be terminated and the balance of the trust assets distributed as follows:

a. Income Interest. The trustees shall distribute to the Holmans trust property equal to the amount of Five Million Two Hundred Twenty-Five Thousand Nine Hundred Four and 38/100 United States Dollars (US\$5,225,904.38), representing the present value of the Income Interest as determined in Paragraph 2 below.

b. Remainder Interest. The trustees shall distribute to Parasol trust property equal to the amount of Two Million One Hundred Eighty-Nine Thousand Five Hundred Sixty-Five and 91/100 United States Dollars (US\$2,189,565.91), representing the present value of the Remainder Interest as determined in Paragraph 2 below.

2. Determination of Actuarial Value of Interests. The computation of the income interest and the charitable remainder interest is found using a special factor as indicated in Section 1.7520-3(b)(1)(ii) of the regulations. The special remainder factor is found by using the methodology stated in Section 1.664-4 for computing the factor for a remainder interest in a unitrust, except that the payout percentage as described in Section 1.664-4(a)(3) of the regulations shall be equal to the lesser of the payout rate stated in trust agreement and the Section 7520 rate for the month of termination as follows:

Applicable Section 7520 Rate	= 4.4%
<i>multiplied by</i> Quarterly Payout Adjustment Factor, Table F(4.4)	= <u>0.973517</u>
Adjusted Payout Rate	= <u>4.283%</u>
Remainder Factor, Table U(2), 64/52, at 4.2%	= 0.30189
<i>minus</i> Remainder Factor, Table U(2), 64/52, at 4.4%	= <u>0.28595</u>
Difference	= <u>0.01594</u>
<u>4.283% - 4.2%</u>	= <u>X</u>
4.4% - 4.2%	= 0.01594
X	= 0.00662
Remainder factor at 4.2%	= 0.30189
<i>minus</i> X	= <u>0.00662</u>
Required Interpolated Remainder Factor at 4.283%	= <u>0.29527</u>
Present Value of the Remainder Interest	= \$2,189,565.91
Present Value of the Income Interest	= <u>\$5,225,904.38</u>
Present Value of Trust Assets	= <u>\$7,415,470.29</u>

3. Binding Effect. Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective associates, successors and assigns.

4. Timing. Time is of the essence in the performance of each and every obligation imposed under this Agreement.

5. Governing Law. This Agreement shall be construed and governed by the laws of the State of Nevada, and the invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6. Paragraph Headings. The paragraph headings set forth herein are for purposes of convenience only, and shall have no bearing whatsoever on the actual content of this Agreement.

7. Further Assurances. The Parties shall execute all further instruments and perform all acts which are or may become necessary to effectuate and to carry on the considerations contemplated by this Agreement.

8. Modifications. There are no other agreements or understandings, written or oral, between the parties regarding this Agreement other than as set forth herein. This Agreement shall not be modified or amended except by a written document executed by both parties to this Agreement, and such written modification(s) shall be attached.

9. Execution in Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of the Agreement, individually or taken together, shall bear the signatures of all of the Parties reflected hereon as the signatories. Signatures on this Agreement received by facsimile transmission shall be deemed to be original signatures.

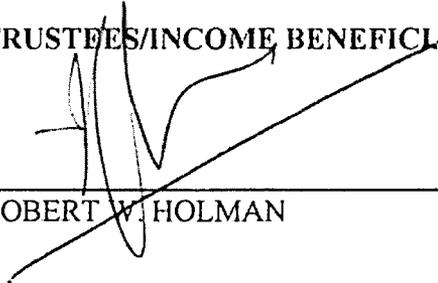
10. Severability. If any provision of this Agreement shall be conclusively determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement shall not be affected thereby. Every provision of this Agreement is intended to be severable.

11. Additional Documents. Each of the parties hereto agree to execute any document or documents that may be requested from time to time by the other party to implement or complete such party's obligations pursuant to this Agreement

12. Entire Agreement. This Agreement contains all the agreements between the Parties hereto and supersedes any and all prior agreements, arrangements or understandings between the Parties relating to the subject matter hereof. No oral understandings, oral statements, oral promises, or oral inducements exist. No representations, warranties, covenants or conditions, express or implied, whether by statute or otherwise, other than as set forth in this Agreement, have been made by the Parties thereto to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first hereinabove set forth.

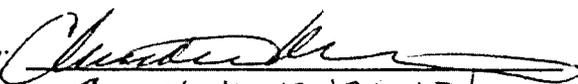
**TRUSTEES/INCOME BENEFICIARIES:**

  
\_\_\_\_\_  
ROBERT W. HOLMAN

\_\_\_\_\_  
MARGARET E. HOLMAN

**CHARITABLE REMAINDER BENEFICIARY:**

THE PARASOL TAHOE COMMUNITY  
FOUNDATION, INC. a Nevada non-profit  
corporation

By:   
Name: CLAUDIA ANDERSEN  
Title: PRESIDENT

**In the Matter of the Appeal of Robert and Margaret Holman**  
**TIMELINE**

DATE	EVENT
12/16/2002	CRUT established
12/16/2002	Holmans transfer Carmel Property to CRUT
1/1/2003-6/1/2003	Holmans living in Carmel Property while paying rent and expenses to CRUT
6/1/2003	Holmans move out of California to Florida
7/1/2003-12/31/2003	Carmel Property leased to unrelated tenants
1/1/04-4/4/2004	Carmel Property sat vacant and for sale
4/20/2004	Sale of Carmel Property closes. Trust receives \$8,225,000
04/11/2005	Distribution of \$1,168,759 made to Holmans but shown on 2004 CRUT Return pursuant to IRS rules.
4/15/2005	CRUT's 2004 Form 541-B filed. 4 year SOL begins to run.
7/2005	Holmans move to Nevada from Florida
09/2007	FTB begins examination of Holmans' "2005 Income Tax Return"
10/2007	FTB provides first Information Documents Request ("IDR #1")
11/8/2007	Holmans' CPA responds to IDR#1
1/1/2008	CRUT terminated pursuant to IRS rules and \$2,189,565.91 in assets distributed to qualified charity. Holmans receive distribution of \$5,225,904 and pay taxes on distribution on 2008 return.
8/12/2008	FTB sends "IDR#2" and "IDR#3" referring to "Tax Year 2005 Explanation"
12/4/08	Holmans informed their "2005" Examination was being transferred to the Estates and Trust Division
4/15/2009	Four year statute of limitations expires for examination of CRUT 2004 Form 541-B
4/21/2009 (FTB says 4/29/2009)	Statute of Limitations Waiver signed extending SOL to 4/15/2010 for Holmans' 2004 and 2005 Individual Returns
8/12/2009	FTB provides fourth IDR ("IDR #4")
9/30/2009	Holmans respond to IDR #4
12/17/2009	FTB issues fifth IDR ("IDR #5")
	Holmans respond to IDR #5
2/2/2010	Mr. Mulligan signs SOL Waiver for 2004 and 2005 Individual Returns extending statute of limitations to 4/15/2011
07/23/2010	FTB issues "Preliminary Determination Letter" indicating the CRUT is a grantor trust and Holmans therefore liable for capital gains taxes in 2004.
9/2/2010	Holmans respond to Preliminary Determination Letter ("PDL")
12/21/2010	FTB responds to Holman response to PDL
2/24/2011	FTB issues Notice of Proposed Assessment
4/19/2011	Holmans file Protest Letter to Proposed Assessment
5/2011	Holmans informed Protest Letter would be assigned to a hearing officer
11/6/2013	After 2 year and 6 months, the Holmans are informed by FTB that case has been assigned to a hearing officer
5/30/2014	FTB issues Reply Determination Letter affirming the Additional Tax and revised Accuracy Related Penalty. States Notice of Action would be issued in due course.
10/28/2014	Notice of Action issued 5 months later.

## Making the Required Payout

The CRT must distribute the annuity or unitrust payment to the noncharitable beneficiary(ies) at least annually [IRC Sec. 664(d)(1)(A) and (d)(2)(A)]. According to the IRS, the rules permitting a trustee of a charitable remainder trust to pay the annuity or unitrust amount within a reasonable period of time after the close of the trust's taxable year were intended as an administrative convenience for trustees. Under the income exception methods, the trustee may not be able to determine the amount of trust income and, thus, the amount to be distributed for a trust's taxable year until after the close of that year. Therefore, a trustee may need additional time to pay the unitrust amount if a CRUT uses one of the income exception methods. \*

CRAT or STAN-CRUT. The IRS believes that a trustee of a CRAT or a CRUT using the fixed percentage method (i.e., a STAN-CRUT) should be able to determine the unitrust amount and pay it by the end of the taxable year to which it relates [Regs. 1.664-2(a)(1)(i) and -3(a)(1)(i)]. The percentage payout amount is fixed and determinable as of the annual valuation date, which is specified in the governing instrument or on the initial Form 5227. However, the regulations provide exceptions to this requirement [Regs. 1.664-2(a)(1)(i)(a) and (b), 1.664-3(a)(1)(i)(g), (h), and (k)]. Payments can be made within a reasonable time after year-end if:

1. the distribution is either ordinary income, capital gain, or other income (but not principal) to the beneficiary under IRC Sec. 664(b)(1)-(3); or
2. the distribution is trust principal, but the CRT pays the annuity by distributing property (other than cash) owned at the end of the year and the trustee elects to recognize any income generated by the distribution as occurring on the last day of the year in which the annuity payment is due; or
3. the CRT is created before December 10, 1998, and the percent used to calculate the annuity amount is 15% or less.

**Note:** Ordinarily, a reasonable time after year-end to make the required annuity payment is by the extended due date of the CRT's tax return.

NI-CRUTs and NIM-CRUTs. For NI-CRUTs and NIM-CRUTs (income exception method CRUTs), the unitrust amount may be paid after the close of the tax year of the trust, regardless of when the trust was created, if paid within a reasonable time after the close of the year [Reg. 1.664-3(a)(1)(i)(j)]. \*

FLIP-CRUTs. For FLIP-CRUTs (an income exception method CRUT), the regulations do not address the required timing of the unitrust amount. In the authors' opinion, the trust should be subject to the applicable rules for NI-CRUTs, NIM-CRUTs, or STAN-CRUTs. For example, in the years that the CRUT is a NI-CRUT, the NI-CRUT rules as discussed above apply. Once the trust flips to a STAN-CRUT, the rules as discussed above for STAN-CRUTS should apply.

A CRAT's payment is fixed when the trust is funded. Thus, the only concern is for the trustee to make the payment timely each year. A CRUT, however, must compute the unitrust payment annually, based on the value of the trust assets each year. The trust document may specify any one day of the tax year as the valuation date, or the value can be based on the average values of multiple dates. However, the same day (or days) must be used each year [Reg. 1.664-3(a)(1)(iv)].

## THE HOLMAN CHARITABLE REMAINDER UNITRUST 02

On this 16<sup>th</sup> day of December, 2002, ROBERT W. HOLMAN, JR. and MARGARET E. HOLMAN (hereinafter referred to as "the Donors") desiring to establish a charitable remainder unitrust, within the meaning of Section 664(d)(2) of the Internal Revenue Code of 1986, as amended, (hereinafter referred to as "the Code"), hereby create The HOLMAN CHARITABLE REMAINDER UNITRUST 02 and designate ROBERT W. HOLMAN, JR. and MARGARET E. HOLMAN as the Initial Trustees.

### 1. Funding of Trust.

The Donors transfer to the Trustees the property described in Schedule A, and the Trustees accept such property and agree to hold, manage and distribute such property of the Trust under the terms set forth in this Trust instrument.

### 2. Payment of Unitrust Amount.

A. In each taxable year of the Trust, the Trustees shall pay to ROBERT W. HOLMAN, JR. and MARGARET E. HOLMAN (hereinafter "Recipients") in equal shares during their lifetimes, a unitrust amount equal to the lesser of: (i) the Trust income for the taxable year as defined in Section 643(b) of the Code and the regulations thereunder, and (ii) seven and one-tenth percent (7.1%) of the net fair market value of the assets of the Trust valued as of the first day of each taxable year of the Trust (the "valuation date"). The unitrust amount shall be paid in quarterly installments. Upon the death of one Recipient, the surviving Recipient shall be entitled to receive the entire unitrust amount. Any income of the Trust for a taxable year in excess of the unitrust amount shall be added to principal. If the net fair market value of the Trust assets is incorrectly determined, then within a reasonable period after the value is finally determined for federal tax purposes, the Trustee shall pay to the Recipient (in the case of an undervaluation) or receive from the Recipient (in the case of an overvaluation) an amount equal to the difference between the unitrust amount properly payable and the unitrust amount actually paid. The unitrust amount for any year shall also include any amount of Trust Income for such year that is in excess of the amount required to be distributed under (ii) above, to the extent that the aggregate of the amount paid in prior years was less than the aggregate of the amount of seven and one-tenth percent (7.1%) of the net fair market value of the Trust assets on the valuation dates.

B. If unmarketable assets are transferred to or held by this trust, then the valuation of the assets must be (i) performed exclusively by an independent trustee or (ii) determined by a current appraisal from a qualified appraiser as provided in Treasury Regulation 1.170A-13(c). For purposes of this paragraph, "unmarketable assets" means all assets other than cash, cash equivalents or assets that can be readily sold for cash or cash equivalents. For purposes of this trust, "independent trustee" means a person who is not one of the Donors, a noncharitable beneficiary or a related or subordinate party to the Donors, or noncharitable beneficiary within the meaning of Section 672(c) of the Code.

### 3. Distribution to Charity.

Upon the death of the surviving Recipient, the Trustees shall distribute all of the then principal and income of the Trust (other than any amount due the Recipient or his estate under the provisions above) to the ROBERT AND MARGARET HOLMAN CHARITABLE FOUNDATION. However, if The Robert and Margaret Holman Charitable Foundation for any reason fails to be treated as a charitable organization under Section 170(b)(1)(A), 2055(a) and 2522(a) of the Code, then the principal and income of the Trust (other than any amount due the Recipient or his estate, under the provisions, above) shall be distributed to one or more organizations described in Sections 170(b)(1)(A), 2055(a), and 2522(a) of the Code ("Charitable Organization") as shall have been designated, in writing, by both the Donors during their lifetimes or, absent a written designation by both Donors, as the Trustee then serving shall select in its sole discretion. The Donors, jointly, or the survivor of them, may change the identity of the Charitable Organization, or name more than one Charitable Organization, at any time, and from time to time.

4. Additional Contributions.

If any additional contributions are made to the Trust after the initial contribution, the unitrust amount for the year in which the additional contribution is made shall be equal to the lessor of (i) the Trust income for the taxable year as defined in Section 643(b) of the Code and (ii) seven and one-tenth percent (7.1%) of the sum of (a) the net fair market value of the Trust assets as of the first day of the taxable year (excluding the assets so added and any income from, or appreciation on, such assets), and (b) that proportion of the fair market value of the assets so added that was excluded under (a) that the number of days in the period that begins with the date of contribution and ends with the earlier of the last day of the taxable year or the date of death of the surviving Recipient bears to the number of days in the period that begins on the first day of such taxable year and ends with the earlier of the last day in such taxable year or the date of death of the surviving Recipient. In the case where there is no valuation date after the time of contribution, the assets so added shall be valued as of the time of contribution. The unitrust amount for any such year shall also include any amount of Trust income for such year that is in excess of the amount required to be distributed under (ii) above to the extent that the aggregate of the amounts paid in prior years was less than the aggregate of the amounts computed as seven and one-tenth percent (7.1%) of the net fair market value of the Trust assets on the valuation dates.

5. Prohibited Transactions.

The income of the Trust for each taxable year shall be distributed at such time and in such manner as not to subject the Trust to tax under Section 4942 of the Code. Except for the payment of the unitrust amount to the Recipient, the Trustees shall not engage in any act of self-dealing, as defined in Section 4941(d) of the Code, and shall not make any taxable expenditures, as defined in Section 4945(a) of the Code. The Trustees shall not make any investments that jeopardize the charitable purpose of the Trust, within the meaning of Section 4944 of the Code, or retain any excess business holdings, within the meaning of Section 4943(c) of the Code, if such provisions apply to this Trust.

6. Successor Trustee.

If one of the Initial Trustees is unable, unwilling or ceases to act then the

remaining named Initial Co-Trustee shall serve as sole Trustee. If both of the initial Trustees are unable, unwilling or cease to serve as Trustee, then JOHN B. MULLIGAN, ESQ. shall become the Successor Trustee. If there is no Trustee able or willing to serve, then a Trustee shall be appointed by the Senior District Judge in and for Washoe County, State of Nevada. Any Trustee may be paid reasonable fees for services rendered.

7. Taxable Year.

The taxable year of the Trust shall be the calendar year.

8. Governing Law.

The operation of the Trust shall be governed by the laws of the State of Nevada. However, the Trustees are prohibited from exercising any power or discretion granted under said laws that would be inconsistent with the qualification of the Trust under Section 664(d)(2) of the Code and the corresponding regulations.

9. Limited Power of Amendment.

The Trust is irrevocable. However the Trustees shall have the power, acting together, or alone if only one Trustee, to amend the Trust in any manner required for the sole purpose of ensuring that the Trust qualifies and continues to qualify as a charitable remainder unitrust within the meaning of Section 664(d)(2) of the Code.

10. Investment of Trust Assets.

Nothing in this Trust instrument shall be construed to restrict the Trustees from investing the Trust assets in a manner that could result in the annual realization of a reasonable amount of income or gain from the sale or disposition of Trust assets.

13. Powers of Trustees.

A. Except as otherwise provided in this trust agreement, the Trustees are vested, in a fiduciary capacity, with the following powers with respect to any trust established by this trust agreement, in addition to those powers now or hereafter conferred by law:

(1) To take possession of the assets of the Trust Estate and to invest and reinvest the same in every kind of property, real, personal or mixed, of any kind and nature, domestic or foreign, including, without limitation, common and preferred stocks, fixed income bearing securities, or in common trust funds, investment trust stocks, mutual funds, bonds, money markets, and other securities and investments of any kind.

(2) To continue to hold any property that the Trustees receive or acquire under the trust as long as the Trustees consider it advisable, even if such stock represents a substantial portion of the Trust assets.

(3) To have all the rights, powers and privileges of an owner with respect to the securities held in trust, including, but not limited to, the power to vote, give

proxies, and pay assessments; to participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations, and incident to such participation, to deposit securities with and transfer title to any protective or other committee on such terms as the Trustees may consider advisable; and to exercise or sell stock subscription, sell covered call options, or conversion rights.

(4) To hold securities or other property in the Trustees' names as Trustees under this trust, or in the name of a nominee, or the Trustees may hold securities unregistered in such condition that ownership will pass.

(5) To sell (for cash or on deferred payments), convey, exchange, manage, control, grant options on, partition, divide, improve, repair, deal with, or dispose of any part or all of the trust property, real or personal.

(6) To purchase property at its fair market value as determined by the Trustees, in the Trustees' reasonable discretion.

(7) To commence or defend, at the expense of the trust, such litigation with respect to the trust or any property of the Trust Estate as the Trustees may consider advisable and to compromise or otherwise adjust any claims or litigation against or in favor of the trust.

(8) To acquire and carry insurance of such kinds and in such amounts as the Trustees consider advisable, at the expense of the trust, to protect the Trust Estate and the Trustees against any hazard or perils.

(9) To open checking accounts, savings accounts, or safe deposit boxes with any institution, and cash and margin accounts with any brokerage firm.

(10) To employ accountants, custodians, experts, counsel (legal or investment), and other agents as may be considered advisable and delegate discretionary powers to and rely upon information or advice furnished by them.

B. Overriding Limitations.

Notwithstanding the generality of the powers granted the Trustees in this Section 11, the Trustees are prohibited from exercising any power or discretion which would disqualify the Trust as a charitable remainder unitrust under Section 664(d)(2) and (3) of the Code and the corresponding regulations and the provisions of Section 6 regarding the prohibition of acts resulting in private foundation penalty taxes shall limit and override the powers of the Trustees otherwise granted in this Section 11.

12. Definitions.

A. Code - The term Code as used in this trust refers to the Internal Revenue Code of 1986 and the Regulations promulgated thereunder.

IN WITNESS WHEREOF, ROBERT W. HOLMAN, JR. and MARGARET E. HOLMAN have signed this agreement the day and year first above written.

Initial Trustees:

ROBERT W. HOLMAN, JR.

MARGARET E. HOLMAN

Donors:

ROBERT W. HOLMAN, JR.

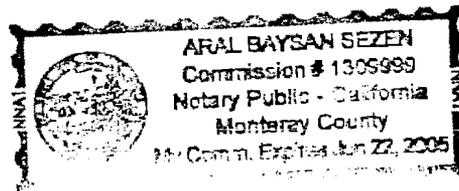
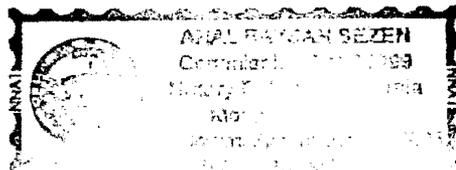
MARGARET E. HOLMAN

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF MONTEREY )

On DECEMBER 16, 2002, before me, ARAL BAYSAN SEZEN, personally appeared ROBERT W. HOLMAN, JR. and MARGARET E. HOLMAN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

(Signature of Notary Public)



Schedule A

Asset

Fair Market Value

\$8,000,000.00

**Label** (See instructions on page 14.) Use the IRS label. Otherwise, please print or type.

**LABEL HERE**

For the year Jan. 1-Dec. 31, 2008, or other tax year beginning 2008, ending 20.

OMB No. 1545-0074

Your first name and initial: **ROBERT W** Last name: **HOLMAN** Your social security number: [REDACTED]

If a joint return, spouse's first name and initial: **MARGARET E** Last name: **HOLMAN** Spouse's social security number: [REDACTED]

Home address (number and street). If you have a P.O. box, see page 14. Apt. no. You must enter your SSN(s) above. ▲

City, town or post office, state, and ZIP code. If you have a foreign address, see page 14. Checking a box below will not change your tax or refund.

**Presidential Election Campaign** Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 14)  You  Spouse

**Filing Status**

1  Single 4  Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here. ▶

2  Married filing jointly (even if only one had income)

3  Married filing separately. Enter spouse's SSN above and full name here. ▶

5  Qualifying widow(er) with dependent child (see page 16)

**Exemptions**

6a  Yourself. If someone can claim you as a dependent, do not check box 6a

b  Spouse

(1) First name		Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If qualifying child for child tax credit (see page 17)	No. of children on 6c who:
<b>BRYCE</b>		<b>HOLMAN</b>	[REDACTED]	<b>SON</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> lived with you <input type="checkbox"/> did not live with you due to divorce or separation (see page 18)

d Total number of exemptions claimed **3**

**Income**

7 Wages, salaries, tips, etc. Attach Form(s) W-2 **7**

8a Taxable interest. Attach Schedule B if required **8a 455,271.**

8b Tax-exempt interest. Do not include on line 8a **8b 958.**

9a Ordinary dividends. Attach Schedule B if required **9a 170,580.**

9b Qualified dividends (see page 21) **9b 92,461.**

10 Taxable refunds, credits, or offsets of state and local income taxes **STMT 2 STMT 4 10 17,475.**

11 Alimony received **11**

12 Business income or (loss). Attach Schedule C or C-EZ **12**

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here  **13 4,025,072.**

14 Other gains or (losses). Attach Form 4797 **14**

15a	15a	b Taxable amount	15b
IRA distributions			<b>79,642.</b>
Pensions and annuities			<b>16b</b>

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E **17 <612,434.>**

18 Farm income or (loss). Attach Schedule F **18**

19 Unemployment compensation **19**

20a	20a	b Taxable amount (see page 26)	20b
Social security benefits			

21 Other income. List type and amount (see page 28) **21 52,896.**  
**SEE STATEMENT 1**

22 Add the amounts in the far right column for lines 7 through 21. This is your total income. **22 4,188,502.**

**Adjusted Gross Income**

23 Educator expenses (see page 28) **23**

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ **24**

25 Health savings account deduction. Attach Form 8889 **25**

26 Moving expenses. Attach Form 3903 **26**

27 One-half of self-employment tax. Attach Schedule SE **27**

28 Self-employed SEP, SIMPLE, and qualified plans **28**

29 Self-employed health insurance deduction (see page 29) **29**

30 Penalty on early withdrawal of savings **30**

31a Alimony paid to Recipient's SSN **31a**

32 IRA deduction (see page 30) **32**

33 Student loan interest deduction (see page 33) **33**

34 Tuition and fees deduction. Attach Form 8917 **34**

35 Domestic production activities deduction. Attach Form 8903 **35**

36 Add lines 23 through 31a and 32 through 35 **36**

37 Subtract line 36 from line 22. This is your adjusted gross income **37 4,188,502.**

Tax and Credits

38	Amount from line 37 (adjusted gross income)	38	4,188,502.
39a	Check <input checked="" type="checkbox"/> You were born before January 2, 1944, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1944, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a 1		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here <input type="checkbox"/> 39b		
c	Check if standard deduction includes real estate taxes or disaster loss (see page 34) <input type="checkbox"/> 39c		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	604,539.
41	Subtract line 40 from line 38	41	3,583,963.
42	If line 38 is over \$119,975, or you provided housing to a Midwestern displaced individual, see page 36. Otherwise, multiply \$3,500 by the total number of exemptions claimed on line 6d	42	6,999.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	3,576,964.
44	Tax. Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	622,002.
45	Alternative minimum tax. Attach Form 6251	45	132,990.
46	Add lines 44 and 45	46	754,992.
47	Foreign tax credit. Attach Form 1116 if required	47	6,364.
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8860	51	
52	Child tax credit (see page 42). Attach Form 8901 if required	52	
53	Credits from Form: a <input type="checkbox"/> 8396 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 5695	53	
54	Other credits from Form: a <input checked="" type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	
55	Add lines 47 through 54. These are your total credits	55	6,364.
56	Subtract line 55 from line 46. If line 55 is more than line 46, enter -0-	56	748,628.

Other Taxes

57	Self-employment tax. Attach Schedule SE	57	
58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
60	Additional taxes: a <input type="checkbox"/> AEIC payments b <input type="checkbox"/> Household employment taxes. Attach Schedule H	60	
61	Add lines 56 through 60. This is your total tax	61	748,628.

Payments

62	Federal income tax withheld from Forms W-2 and 1099	62	
63	2008 estimated tax payments and amount applied from 2007 return	63	850,000.
64a	Earned income credit (EIC)	64a	
b	Nontaxable combat pay election <input type="checkbox"/> 64b	64b	
65	Excess social security and tier 1 RRTA tax withheld (see page 61)	65	
66	Additional child tax credit. Attach Form 8812	66	
67	Amount paid with request for extension to file (see page 61)	67	
68	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 4136 c <input type="checkbox"/> 6801 d <input type="checkbox"/> 6885	68	
69	First-time homebuyer credit. Attach Form 5405	69	
70	Recovery rebate credit (see worksheet on pages 62 and 63)	70	
71	Add lines 62 through 70. These are your total payments	71	850,000.

Refund

72	If line 71 is more than line 61, subtract line 61 from line 71. This is the amount you overpaid	72	93,658.
73a	Amount of line 72 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/> 73a		
74	Amount of line 72 you want applied to your 2009 estimated tax	74	93,658.

Amount You Owe

75	Amount you owe. Subtract line 71 from line 61. For details on how to pay, see page 65	75	
76	Estimated tax penalty (see page 65)	76	7,714.

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 66)?  Yes. Complete the following.  No

Designee's name: \_\_\_\_\_ Phone: \_\_\_\_\_ Personal identification number (PIN): \_\_\_\_\_

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
<i>[Signature]</i>		REAL ESTATE INV/MGMT	
Spouse's signature, if a joint return, both must sign.	Date	Spouse's occupation	
		EDUCATOR	

Paid Preparer's Use Only

Preparer's signature: *[Signature]* Date: 10-13-09 Check if self-employed:  Preparer's SSN or PTIN: \_\_\_\_\_

Firm's name (or yours if self-employed), address, and ZIP code: THERESA M WESTOVER, CPA  
P.O. BOX 19879  
RENO, NV 89511

Standard Deduction for:

- People who checked any box on line 39a, 39b, or 39c or who can be claimed as a dependent.
- All others: Single or Married filing separately, \$5,450
- Married filing jointly or Qualifying widow(er), \$10,900
- Head of household, \$8,000

SCHEDULE B	DIVIDEND INCOME	STATEMENT 16
NAME OF PAYER	ORDINARY DIVIDENDS	QUALIFIED DIVIDENDS
AT&T INC 10565	198.	198.
AT&T INC 406017	2.	2.
BANK OF AMERICA 161667	2,522.	
BANK OF AMERICA 477	52.	
MERRILL LYNCH	113.	113.
OLD CAPITOL LAND CO	109.	109.
PG&E CORPORATION	82.	82.
AMERIPRISE FINANCIAL	3,666.	1,087.
AMERIPRISE FINANCIAL	1,189.	
DIVIDEND INCOME REPORTED TO 26-6015405	49,970.	40,508.
WELLS FARGO BANK 4108	1,804.	
DIVIDEND INCOME REPORTED TO 20-7188226	320.	
FROM K-1 - QUANTUM CAPITAL NEVADA INC	417.	117.
FROM K-1 - FIRST INDUSTRIAL LP	25,742.	25,742.
FROM K-1 - VILLA SAN RAMON, L.P.	144.	
FROM K-1 - 250 QUEENS STREET INVESTMENT CO.	1.	
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	36,746.	8,698.
FROM K-1 - HOLMAN SHIDLER INVESTMENT CORPORATION	1,324.	1,324.
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	36,746.	8,698.
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	1,478.	
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	1.	
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	195.	
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	2,834.	2,834.
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	1,478.	
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	197.	
FROM K-1 - ABACUS NEVADA LIMITED PARTNERSHIP	2,833.	2,833.
FROM K-1 - QUANTUM CAPITAL NEVADA INC	416.	116.
TOTAL TO SCHEDULE B, LINE 5	170,580.	

SCHEDULE D	NET LONG-TERM GAIN OR LOSS FROM FORMS 4797, 2439, 6252, 4684, 6781 AND 8824	STATEMENT 17
DESCRIPTION OF PROPERTY	GAIN OR LOSS	28% GAIN
FORM 4797	1,723,325.	
TOTAL TO SCHEDULE D, PART II, LINE 11	1,723,325.	



SCHEDULE D NET SHORT-TERM GAIN OR LOSS FROM STATEMENT 18  
 PARTNERSHIPS, S CORPORATIONS, AND FIDUCIARIES

DESCRIPTION OF ACTIVITY	GAIN OR LOSS
ABACUS NEVADA LP	736.
STRATEGIC ENTRE	13.
BAIN CAPITAL FU	2.
DAEDALUS PARTNE	72,813.
STRATEGIC ENTRE	13.
BAIN CAPITAL FU	2.
DAEDALUS PARTNE	72,814.
ABACUS NEVADA LP	735.
TOTAL TO SCHEDULE D, PART I, LINE 5	147,128.

SCHEDULE D NET LONG-TERM GAIN OR LOSS FROM STATEMENT 19  
 PARTNERSHIPS, S CORPORATIONS, AND FIDUCIARIES

DESCRIPTION OF ACTIVITY	GAIN OR LOSS	28% GAIN
ABACUS NEVADA LP	5,376.	
ABACUS NEVADA LIMITED PARTNERSHIP	511,758.	
ABACUS NEVADA LIMITED PARTNERSHIP	511,759.	
HOLMAN CHARITABLE REMAINDER UNITRUST 02 -T	988,581.	*
HOLMAN CHARITABLE REMAINDER UNITRUST 02 -S	988,582.	*
OLYMPUS EXECUTIVE FUND, L.P.	44.	
STRATEGIC ENTRE	1,464.	
KAB ACQUISITION	19.	
OLYMPUS EXECUTI	<642.>	
BAIN CAPITAL FU	111.	
ARGENTINE INVES	21,931.	
DAEDALUS PARTNE	<1,722.>	
H/2 CREDIT PART	<677.>	
STRATEGIC ENTRE	1,464.	
KAB ACQUISITION	18.	
OLYMPUS EXECUTI	<643.>	
BAIN CAPITAL FU	110.	
ARGENTINE INVES	21,930.	
DAEDALUS PARTNE	<1,723.>	
H/2 CREDIT PART	<678.>	
ABACUS NEVADA LP	5,376.	
TOTAL TO SCHEDULE D, PART II, LINE 12	3,052,438.	

**Split-Interest Trust Information Return**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

Full name of trust: **HOLMAN CHARITABLE REMAINDER UNITRUST 02**

Name of trustee: **ROBERT W HOLMAN JR**

Number, street, and room or suite no. (If a P.O. box, see page 3 of the instructions.): [REDACTED]

City, state, and ZIP code: [REDACTED]

C Fair market value (FMV) of assets at end of tax year: **7,415,470.**

D Gross income: [REDACTED]

E Check applicable:  Initial return  Final return  Amended return  
 boxes:  Change in trustee's  Name  Address

A Employer identification number: [REDACTED]

B Type of Entity:  
 (1)  Charitable lead trust  
 (2)  Charitable remainder annuity trust described in section 664(d)(1)  
 (3)  Charitable remainder unitrust described in section 664(d)(2)  
 (4)  Pooled income fund described in section 642(c)(5)  
 (5)  Other

F Date the trust was created: **12/16/2002**

G If the trust is a section 664 trust, did it have unrelated business taxable income? If "Yes," file Form 4720  Yes  No

**COPY**

Part I Income and Deductions (All trusts complete Sections A through D)			
<b>Section A - Ordinary Income</b>			
1	Interest income	1	
2a	Ordinary dividends (including qualified dividends)	2a	
b	Qualified dividends (see page 4 of the instructions)	2b	
3	Business income or (loss). Attach Schedule C or C-EZ (Form 1040)	3	
4	Rents, royalties, partnerships, other estates and trusts, etc. Attach Schedule E (Form 1040)	4	
5	Farm income or (loss). Attach Schedule F (Form 1040)	5	
6	Ordinary gain or (loss). Attach Form 4797	6	
7	Other income. List type and amount ▶	7	
8	Total ordinary income. Combine lines 1, 2a, and 3 through 7 ▶	8	0.
<b>Section B - Capital Gains (Losses)</b>			
9	Total short-term capital gain or (loss). Attach Schedule D, Part I (Form 1041)	9	
10	Total long-term capital gain or (loss). Attach Schedule D, Part II (Form 1041)	10	
11	Unrecaptured section 1250 gain	11	
12	28% gain	12	
13	Total capital gains (losses). Combine lines 9 and 10 ▶	13	
<b>Section C - Nontaxable Income</b>			
14	Tax-exempt interest	14	
15	Other nontaxable income. List type and amount ▶	15	
16	Total nontaxable income. Add lines 14 and 15 ▶	16	
<b>Section D - Deductions</b>			
17	Interest	17	
18	Taxes (see page 5 of the instructions)	18	
19	Trustee fees	19	
20	Attorney, accountant, and return preparer fees	20	
21	Other allowable deductions. Attach schedule	21	
22	Total. Add lines 17 through 21	22	0.
23	Charitable deduction	23	
<b>Section E - Deductions Allocable to Income Categories (Section 664 trust only)</b>			
24a	Enter the amount from line 22 allocable to ordinary income	24a	0.
b	Subtract line 24a from line 8	24b	0.
25a	Enter the amount from line 22 allocable to capital gains (losses)	25a	0.
b	Subtract line 25a from line 13	25b	0.
26a	Enter the amount from line 22 allocable to nontaxable income	26a	0.
b	Subtract line 26a from line 16	26b	0.

LHA For Privacy Act and Paperwork Reduction Act Notice, see page 12 of the instructions.

**PENALTY FOR LATE FILING OF RETURN**

Form 5227 (2008)

**6,680.**

**Part II** Schedule of Distributable Income (Section 664 trust only) See page 6 of the instructions

Accumulations	(a) Ordinary income	(b) Capital gains (losses)	(c) Nontaxable income
27 Undistributed income from prior tax years		1,977,163.	
28 Current tax year net income (before distributions): <ul style="list-style-type: none"> <li>• in column (a), enter the amount from line 24b</li> <li>• in column (b), enter the amount from line 25b</li> <li>• in column (c), enter the amount from line 26b</li> </ul>			
29 Total distributable income. Add lines 27 and 28		1,977,163.	

**Part III-A** Distributions of Principal for Charitable Purposes

			30	
			31a	
(A) Payee's name and address	(B) Date of distribution	(C) Charitable purpose and description of assets distributed		
a				
SEE STATEMENT 1			31a	2,189,566.
b			31b	
c			31c	
32 Total. Add lines 30 through 31c			32	2,189,566.

**Part III-B** Accumulated Income Set Aside and Income Distributions for Charitable Purposes (see page 6 of the instructions)

			33a	
			33b	
(A) Payee's name and address	(B) Date of distribution	(C) Charitable purpose and description of assets distributed		
a			35a	
b			35b	
c			35c	
36 Add lines 35a through 35c			36	
37 Carryover. Subtract line 36 from line 34			37	

**Part IV Balance Sheet** (see pages 6 through 8 of the instructions) **FAIR MARKET VALUATION DATE** 01/01/08

		(a) Beginning-of-Year Book Value	(b) End-of-Year Book Value	(c) FMV (see instructions)
<b>Assets</b>				
38	Cash-non-interest-bearing	38		
39	Savings and temporary cash investments <b>STMT 2</b>	39	972,713.	972,713.
40 a	Accounts receivable <b>40a</b>			
b	Less: allowance for doubtful accounts <b>40b</b>			
41	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule)	41		
42 a	Other notes and loans receivable <b>42a</b>			
b	Less: allowance for doubtful accounts <b>42b</b>			
43	Inventories for sale or use	43		
44	Prepaid expenses and deferred charges	44		
45 a	Investments-U.S. and state government obligations (attach schedule)	45a		
b	Investments-corporate stock. Attach schedule <b>STMT 3</b>	45b	2,611,958.	2,872,757.
c	Investments-corporate bonds. Attach schedule	45c		
46 a	Investments-land, buildings, and equipment: basis (attach schedule) <b>46a</b>			
b	Less: accumulated depreciation <b>46b</b>			
47	Investments-other (attach schedule) <b>STMT 4</b>	47	3,570,002.	3,570,000.
48 a	Land, buildings, and equipment: basis <b>48a</b>			
b	Less: accumulated depreciation <b>48b</b>			
49	Other assets. Describe ▶	49		
50	<b>Total assets.</b> Add lines 38 through 49 (must equal line 60) ▶	50	7,154,673.	0.
<b>Liabilities</b>				
51	Accounts payable and accrued expenses	51		
52	Deferred revenue	52		
53	Loans from officers, directors, trustees, and other disqualified persons	53		
54	Mortgages and other notes payable. Attach schedule	54		
55	Other liabilities. Describe ▶	55		
56	<b>Total liabilities.</b> Add lines 51 through 55 ▶	56	0.	0.
<b>Net Assets</b>				
57	Trust principal or corpus	57	5,177,510.	
58 a	Undistributed income	58a		
b	Undistributed capital gains	58b	1,977,163.	
c	Undistributed nontaxable income	58c		
59	<b>Total net assets.</b> Add lines 57 through 58c	59	7,154,673.	
60	<b>Total liabilities and net assets.</b> Add lines 56 and 59	60	7,154,673.	0.

**Part V-A Charitable Remainder Annuity Trust (CRAT) Information** (to be completed only by a section 664 CRAT)

61 a	Enter the initial fair market value (FMV) of the property placed in the trust	61a	
b	Enter the total annual annuity amounts for all recipients	61b	

**Part V-B Charitable Remainder Unitrust (CRUT) Information** (to be completed only by a section 664 CRUT) See page 8 of the instructions

62	Is the CRUT a net income charitable remainder unitrust (NICRUT) as described in Regulations section 1.664-3(a)(1)(i)(b)(1)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
63	Is the CRUT a net income with make-up charitable remainder unitrust (NIMCRUT) as described in Regulations section 1.664-3(a)(1)(i)(b)(2)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
64	Did the trust change its method of payment during the tax year? If "Yes," describe the triggering event including the date of the event and the old method of payment	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

65 a	Enter the unitrust fixed percentage to be paid to the recipients	65a	7.1000%
b	Unitrust amount. Subtract line 56, column (c), from line 50, column (c), and multiply the result by the percentage on line 65a. Do not enter less than -0-. If the answer is "Yes" on line 62 or line 63, go to line 66a. Otherwise, skip lines 66a through 67b and enter the line 65b amount on line 68.	65b	526,498.
66 a	Trust's accounting income for 2008. Attach schedule If the answer is "Yes" on line 62, go to line 66b. If the answer is "Yes" on line 63, skip line 66b and go to line 67a.	66a	0.
b	Enter the smaller of line 65b or line 66a here and on line 68. Skip lines 67a and 67b	66b	
67 a	Total accumulated distribution deficiencies from previous years (see page 8 of the instructions)	67a	0.
b	Add lines 65b and 67a If lines 67a and 67b are completed, enter the smaller of line 66a or line 67b on line 68.	67b	526,498.
68	Required unitrust distribution for 2008	68	5,225,904.
69	Carryover of accumulated distribution deficiency (only for trusts that answered "Yes" on line 63). Subtract line 68 from line 67b	69	
70	If this is the final return, enter the initial FMV of all assets placed in trust by the donor	70	8,000,000.
71	Did the trustee change the method of determining the fair market value of the assets? If "Yes," attach an explanation.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
72	Were any additional contributions received by the trust during 2008? If "Yes," be sure to complete all columns of line 7 in Schedule A, Part III.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Part VI-A Statements Regarding Activities** (see page 8 of the instructions)

	Yes	No
73 Are the requirements of section 508(e) satisfied either: • By the 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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
74 Are you using this return only to report the income and assets of a segregated amount under section 4947(a)(2)(B)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

File Form 4720 if any item is checked in the "Yes" column (to the right), unless an exception applies.

		Yes	No
<b>75</b>	Self-dealing (section 4941):		
<b>a</b>	During 2008, did the trust (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 trust 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>b</b>	If any answer is "Yes" to 75a(1) through (6), did any of the acts fail to qualify under the exceptions described in Regulations sections 53.4941(d)-3 and 4, or in a current Notice regarding disaster assistance (see page 9 of the instructions)? <b>N/A</b>	75b	
	Organizations relying on a current Notice regarding disaster assistance, check here <input type="checkbox"/>		
<b>c</b>	Did the trust engage in a prior year in any of the acts described in 75a, other than excepted acts, that were not corrected before January 1, 2008? <b>N/A</b>	75c	<b>X</b>
<b>76</b>	Does section 4947(b)(3)(A) or (B) apply? (See page 9 of the instructions.) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
	If "Yes," check the "N/A" box in questions 77 and 78.		
<b>77</b>	Taxes on excess business holdings (section 4943): <input checked="" type="checkbox"/> N/A		
<b>a</b>	Did the trust hold more than a 2% direct or indirect interest in any business enterprise at any time during 2008? <b>N/A</b>		
<b>b</b>	If "Yes," did the trust have excess business holdings in 2008 as a result of (1) any purchase by the trust 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? <b>N/A</b>	77b	
	Use Schedule C, Form 4720, to determine if the trust had excess business holdings in 2008.		
<b>78</b>	Taxes on investments that jeopardize charitable purposes (section 4944): <input checked="" type="checkbox"/> N/A		
<b>a</b>	Did the trust invest during 2008 any amount in a manner that would jeopardize its charitable purpose? <b>N/A</b>	78a	
<b>b</b>	Did the trust 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 January 1, 2008? <b>N/A</b>	78b	
<b>79</b>	Taxes on taxable expenditures (section 4945) and political expenditures (section 4955):		
<b>a</b>	During 2008, did the trust pay or incur any amount to:		
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>b</b>	If any answer is "Yes" to 79a(1) through (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 page 9 of the instructions)? <b>N/A</b>	79b	
	Organizations relying on a current Notice regarding disaster assistance, check here <input type="checkbox"/>		
<b>c</b>	If the answer is "Yes" to question 79a(4), does the trust claim exemption from the tax because it maintained expenditure responsibility for the grant? (See page 9 of the instructions.) <b>N/A</b>		
	If "Yes," attach the statement required by Regulations section 53.4945-5(d). <input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>80</b>	Personal benefit contracts (section 170(f)(1)(D)):		
<b>a</b>	Did the trust, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <b>N/A</b>		
<b>b</b>	Did the trust, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <b>N/A</b>	80b	
	If "Yes" to 80b, file Form 8870 (see page 9 of the instructions).		

**Part VII** Questionnaire for Charitable Lead Trusts, Pooled Income Funds, and Charitable Remainder Trusts  
(see instructions beginning on page 9)

**Section A - All Trusts**

- 81 Check this box if any of the split-interest trust's income interests expired during 2008
  - 82 Check this box if all of the split-interest trust's income interests expired before 2008
- If 82 (above) is checked and this is not a final return, attach an explanation.

**Section B - Charitable Lead Trusts**

- 83 Does the governing instrument require income in excess of the required annuity or unitrust payments to be paid for charitable purposes?  Yes  No
- 84 Enter the amount of any excess income required to be paid for charitable purposes for 2008 84
- 85 Enter the amount of annuity or unitrust payments required to be paid to charitable beneficiaries for 2008 85

**Section C - Pooled Income Funds**

- 86 Enter the amount of contributions received during 2008 86
- 87 Enter the amount required to be distributed for 2008 to satisfy the remainder interest 87
- 88 Enter any amounts that were required to be distributed to the remainder beneficiary that remain undistributed 88
- 89 Enter the amount of income required to be paid to the charitable remainder beneficiary for 2008 89

**Section D - Charitable Remainder Trusts**

- 90 Check this box if you are filing for a charitable remainder annuity trust or a charitable remainder unitrust whose charitable interests involve only cemeteries or war veterans' posts
- 91 Check this box if you are making an election under Regulations section 1.664-2(a)(1)(i)(a)(2) or 1.664-3(a)(1)(i)(g)(2) to treat income generated from certain property distributions (other than cash) by the trust as occurring on the last day of the tax year. (See page 10 of the instructions.)
- 92 Is this the initial return? If "Yes," attach a copy of the trust instrument  Yes  No
- 93 Was the trust instrument amended during the year? If "Yes," attach a copy  Yes  No
- 94 a If this is the final return, were final distributions made according to the trust instrument?  Yes  No  
 b If "Yes," did you complete line 31?  Yes  No  
 c If either line 94a or 94b is "No," explain why

- 95 At any time during calendar year 2008, did the trust have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?  Yes  No  
 See the instructions beginning on page 10 for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶

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 trustee) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of trustee or officer representing trustee Date

**Paid Preparer's Use Only**

Preparer's signature Date Check if self-employed  Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address and ZIP code EIN Phone no.

**THHERESA M WESTOVER, CPA**  
**P.O. BOX 19879**  
**RENO, NV 89511**

Full name of trust <b>HOLMAN CHARITABLE REMAINDER UNITRUST 02</b>	Employer identification number <b>[REDACTED]</b>
<b>NOT Open To Public Inspection</b>	

**Schedule A - Distributions, Assets, and Donor Information**

<b>Part I Accumulation Schedule</b> (Section 664 trust only) See page 10 of the instructions			
Accumulations	(a) Ordinary income	(b) Capital gain (loss)	(c) Nontaxable income
1 Total distributable income. Enter the amount from line 29		1,977,163.	
2 a Total distributions for 2008: <b>7,415,470.</b>			
b 2008 distributions from income		1,977,163.	
3 Undistributed income at end of tax year. Subtract line 2b from line 1			

<b>Part II-A Current Distributions Schedule</b> (Section 664 trust only) See instructions beginning on page 11						
	(a) Name of recipient	(b) Identifying number	(c) Percentage of total unitrust amount payable (if applicable)			
4 a	<b>SEE STATEMENT 5</b>				%	
b					%	
c					%	
	(d) Ordinary income	Capital gains		(g) Nontaxable income	(h) Corpus	(i) Total (add cols. (d) through (h))
		(e) Short-term	(f) Long-term			
4 a						
b						
c						
<b>Total</b>	<b>0.</b>	<b>0.</b>	<b>1,977,163.</b>	<b>0.</b>	<b>3,248,741.</b>	<b>5,225,904.</b>

If Part II-A, Total, column (i) does not agree with line 61b of Form 5227 for a CRAT or line 68 of Form 5227 for a CRUT, check here  and attach an explanation.

<b>Part II-B Current Distributions</b> (charitable lead trusts or pooled income funds only) See page 12 of the instructions
5 Enter the amount required to be paid to private beneficiaries for 2008 <span style="float:right;">▶</span>

**Part III Assets and Donor Information** (Section 664 trust or charitable lead trust only)

6 Is this the initial return or were additional assets contributed to the trust in 2008?  Yes  No

If "Yes," complete the schedule below.

If "No," complete only column (a) of the schedule below.

	(a) Name and address of donor	(b) Description of each asset donated	(c) Fair market value of each asset on date of donation	(d) Date of donation
7 a				
7 b				
7 c				
7 d	<b>Total</b> ▶			

8 For charitable remainder trusts: If this was the final year, was an early termination agreement signed by all parties to the trust?  Yes  No  N/A

If "Yes," attach a copy of the signed agreement.

Schedule K-1  
(Form 1041)

**2008**

Final K-1  Amended K-1 OMB No. 1545-0092

For calendar year 2008.

Department of the Treasury or tax year beginning JANUARY 1, 2008  
Internal Revenue Service and ending JANUARY 1, 2008

**Beneficiary's Share of Income, Deductions, Credits, etc.** ▶ See separate instructions.

**Part I Information About the Estate or Trust**

A Estate's or trust's employer identification number  
[REDACTED]

B Estate's or trust's name  
**HOLMAN CHARITABLE REMAINDER UNITRUST 02**

C Fiduciary's name, address, city, state, and ZIP code  
**ROBERT W HOLMAN JR**  
[REDACTED]

D  Check if Form 1041-T was filed and enter the date it was filed  
\_\_\_\_\_

E  Check if this is the final Form 1041 for the estate or trust

**Part II Information About the Beneficiary**

F Beneficiary's identifying number  
[REDACTED]

G Beneficiary's name, address, city, state, and ZIP code  
**ROBERT W HOLMAN JR**  
[REDACTED]

H  Domestic beneficiary  Foreign beneficiary

**Part III Beneficiary's Share of Current Year Income, Deductions, Credits, and Other Items**

1	Interest income	11	Final year deductions
2a	Ordinary dividends		
2b	Qualified dividends		
3	Net short-term capital gain		
4a	Net long-term capital gain <b>988,581.</b>		
4b	28% rate gain	12	Alternative min tax adjustment
4c	Unrecaptured section 1250 gain		
5	Other portfolio and nonbusiness income		
6	Ordinary business income		
7	Net rental real estate income		
8	Other rental income	13	Credits and credit recapture
9	Directly apportioned deductions		
		14	Other information
		H*	<b>1,624,370.</b>
10	Estate tax deduction		

\*See attached statement for additional information.  
**Note.** A statement must be attached showing the beneficiary's share of income and directly apportioned deductions from each business, rental real estate, and other rental activity.

For IRS Use Only



1 ROBERT W HOLMAN JR

Schedule K-1 Statements and Footnotes

OTHER INFORMATION, BOX 14, CODE H

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>BENEFICIARY FILING INSTRUCTIONS</u>
CORPUS	1,624,370	SEE BENEFICIARY INSTRUCTIONS FOR SCHEDULE K-1 (FORM 1041)

Schedule K-1  
(Form 1041)

**2008**

Final K-1  Amended K-1 OMB No. 1545-0092

Department of the Treasury or tax year beginning JANUARY 1, 2008  
Internal Revenue Service and ending JANUARY 1, 2008

**Beneficiary's Share of Income, Deductions, Credits, etc.** ▶ See separate instructions.

**Part I Information About the Estate or Trust**

A Estate's or trust's employer identification number  
[REDACTED]

B Estate's or trust's name  
**HOLMAN CHARITABLE REMAINDER UNITRUST 02**

C Fiduciary's name, address, city, state, and ZIP code  
**ROBERT W HOLMAN JR**  
[REDACTED]

D  Check if Form 1041-T was filed and enter the date it was filed

E  Check if this is the final Form 1041 for the estate or trust

**Part II Information About the Beneficiary**

F Beneficiary's identifying number  
[REDACTED]

G Beneficiary's name, address, city, state, and ZIP code  
**MARGARET E HOLMAN**  
[REDACTED]

H  Domestic beneficiary  Foreign beneficiary

Part III Beneficiary's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Interest income	11	Final year deductions
2a	Ordinary dividends		
2b	Qualified dividends		
3	Net short-term capital gain		
4a	Net long-term capital gain		
	988,582.		
4b	28% rate gain	12	Alternative min tax adjustment
4c	Unrecaptured section 1250 gain		
5	Other portfolio and non-business income		
6	Ordinary business income		
7	Net rental real estate income		
8	Other rental income	13	Credits and credit recapture
9	Directly apportioned deductions		
		14	Other information
		H*	1,624,371.
10	Estate tax deduction		

\* See attached statement for additional information.

**Note.** A statement must be attached showing the beneficiary's share of income and directly apportioned deductions from each business, rental real estate, and other rental activity.

For IRS Use Only



2 MARGARET E HOLMAN

**Schedule K-1 Statements and Footnotes**

OTHER INFORMATION, BOX 14, CODE H

DESCRIPTION	AMOUNT	BENEFICIARY FILING INSTRUCTIONS
CORPUS	1,624,371	SEE BENEFICIARY INSTRUCTIONS FOR SCHEDULE K-1 (FORM 1041)

(KEEP FOR YOUR RECORDS)

Capital Gains Distribution Worksheet

Use this worksheet to determine the ordering of any capital gains distributions

	Short-term	Long-term			
		28% class	25% class	All other long-term capital gain class	Qualified 5 yr 20% class
1. Prior years undistributed gain or (loss) .....	0.	0.	0.	1,977,163.	0.
2. Current year net gain or (loss) .....	0.	0.	0.	0.	
2b. Deduction allocable to current year gains .....					
3. Total combined gain or (loss) by class .....				1,977,163.	
4. Adjustments for netting any long-term capital (losses) on line 3 .....					
5. Total .....				1,977,163.	
6. Adjustments for netting any short-term capital gain or (loss) on ln 3 (see netting rules on pg 11) .....					
7. Total undistributed gains .....				1,977,163.	
8. 2008 distributions .....				1,977,163.	
9. Carryforward to 2009 (line 7 less line 8) .....					

**2008 Expense Allocation by Income Type**

Income Type	Income	Charity	Direct Expenses Specifically Allocated	Indirect and Direct Expenses not Specifically Allocated	Net Income
Other Taxable					
<u>Non-Passive</u>					
Ordinary Business					
Net Rental Real Estate					
Other Rental					
Interest					
Non-qualified Dividends					
<u>Passive</u>					
Ordinary Business					
Net Rental Real Estate					
Other Rental					
U.S. Interest					
U.S. Interest/Dividends					
Qualified Dividends					
Short-term Capital Gains					
Long-term Capital Gains					
Tax-exempt Interest					
<b>Total</b>					



HOLMAN CHARITABLE REMAINDER UNITRUST 02



6 SHRS SCUDDER RREEF EST B	150,000.	0.	150,000.
4 SHRS C&S REIT AND PREF	100,150.	0.	100,000.
TOTAL CORPORATE STOCK TO LINE 45B	2,611,958.	0.	2,872,757.

FORM 5227 - UNITRUST	OTHER INVESTMENTS		STATEMENT 4
DESCRIPTION	BEGINNING- OF-YEAR	END-OF-YEAR	UNITRUST FMV
JAUREGUI NOTE	400,000.	0.	400,000.
PACIFIC GROVE LAND	2,500,002.	0.	2,500,000.
QUALITY HOMES (COFFEY)	95,000.	0.	95,000.
PECOS NOTE	175,000.	0.	175,000.
BANKS NOTE	400,000.	0.	400,000.
TOTAL OTHER INVESTMENTS TO LINE 47	3,570,002.	0.	3,570,000.



FORM 5227 CURRENT DISTRIBUTIONS SCHEDULE STATEMENT 5

ORDINARY INCOME	CAPITAL GAINS SHORT-TERM	CAPITAL GAINS LONG-TERM	NONTAXABLE INCOME	CORPUS	TOTAL
NAME: ROBERT W HOLMAN JR			ID: [REDACTED]	PCT: 0.50000000	
0.		988,581.		1,624,370.	2,612,951.
NAME: MARGARET E HOLMAN			ID: [REDACTED]	PCT: 0.50000000	
0.		988,582.		1,624,371.	2,612,953.
0.	0.	1,977,163.	0.	3,248,741.	5,225,904.

Form 1041	Two-Year Comparison FORM 5227	2008
-----------	----------------------------------	------

Name

HOLMAN CHARITABLE REMAINDER UNITRUST 02

Description	Tax Year - 2007	Tax Year - 2008	Increase (Decrease)
<b>ORDINARY INCOME</b>			
ORDINARY INTEREST INCOME . . . . .	385,644	0	(385,644)
ORDINARY DIVIDEND INCOME . . . . .	105,676	0	(105,676)
<b>TOTAL ORDINARY INCOME</b>	<b>491,320</b>	<b>0</b>	<b>(491,320)</b>
<b>DEDUCTIONS</b>			
TAXES . . . . .	1	0	(1)
OTHER DEDUCTIONS . . . . .	59,546	0	(59,546)
<b>TOTAL DEDUCTIONS</b>	<b>59,547</b>	<b>0</b>	<b>(59,547)</b>
<b>NET ORDINARY INCOME</b>	<b>431,773</b>	<b>0</b>	<b>(431,773)</b>
<b>CAPITAL GAINS (LOSSES)</b>			
NET SHORT-TERM CAPITAL GAIN . . . . .	56,536	0	(56,536)
NET LONG-TERM CAPITAL GAIN . . . . .	245,979	0	(245,979)
<b>NET TOTAL CAPITAL GAINS (LOSSES)</b>	<b>302,515</b>	<b>0</b>	<b>(302,515)</b>
<b>UNDISTRIBUTED INCOME END OF YEAR</b>			
NET LONG-TERM CAPITAL GAIN . . . . .	1,977,163	0	(1,977,163)
<b>TOTAL ACCUMULATED INCOME</b>	<b>1,977,163</b>	<b>0</b>	<b>(1,977,163)</b>
<b>CURRENT DISTRIBUTIONS</b>			
ORDINARY INCOME . . . . .	431,774	0	(431,774)
NET SHORT-TERM CAPITAL GAIN . . . . .	56,536	0	(56,536)
NET LONG-TERM CAPITAL GAIN . . . . .	224,267	1,977,163	1,752,896
CORPUS . . . . .	0	3,248,741	3,248,741
<b>TOTAL DISTRIBUTIONS</b>	<b>712,577</b>	<b>5,225,904</b>	<b>4,513,327</b>