

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

**COPY**  
**2005**

Department of the Treasury  
Internal Revenue Service

**Note:** The organization may be able to use a copy of this return to satisfy state reporting requirements.

**For calendar year 2005, or tax year beginning** \_\_\_\_\_, **2005, and ending** \_\_\_\_\_

**G** Check all that apply:  Initial return  Final return  Amended return  Address change  Name change

<b>Use the IRS label. Otherwise, print or type. See Specific Instructions.</b>	Name of organization <b>PACIFIC NORTHWEST FOUNDATION, INC.</b>	<b>A</b>	Employer identification number <b>77-0177829</b>
	Number and street (or P.O. box number if mail is not delivered to street address) Room/suite <b>7619 SW 26TH AVENUE</b>	<b>B</b>	Telephone number (see instructions) <b>(503) 977-2660</b>
	City or town State ZIP code <b>PORTLAND OR 97219-2538</b>	<b>C</b>	If exemption application is pending, check here <input type="checkbox"/>
<b>H</b> Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		<b>D</b>	<b>1</b> Foreign organizations, check here <input type="checkbox"/> <b>2</b> Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
<b>I</b> Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ <b>3,519,092.</b>	<b>J</b> Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	<b>E</b>	If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
		<b>F</b>	If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>Part I Analysis of Revenue and Expenses</b> (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)				
<b>REVENUE</b>				
<b>1</b> Contributions, gifts, grants, etc. received (att sch)	625.			
<b>2</b> Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
<b>3</b> Interest on savings and temporary cash investments	1,505.	1,505.		
<b>4</b> Dividends and interest from securities	197,860.	197,860.		
<b>5a</b> Gross rents	630.	630.		
<b>b</b> Net rental income or (loss)	-5,784.			
<b>6a</b> Net gain/(loss) from sale of assets not on line 10	356,764.			
<b>b</b> Gross sales price for all assets on line 6a	1,464,349.			
<b>7</b> Capital gain net income (from Part IV, line 2)		356,764.		
<b>8</b> Net short-term capital gain				
<b>9</b> Income modifications				
<b>10a</b> Gross sales less returns and allowances				
<b>b</b> Less: Cost of goods sold				
<b>c</b> Gross profit/(loss) (att sch)				
<b>11</b> Other income (attach schedule)				
<b>12 Total.</b> Add lines 1 through 11	557,384.	556,759.		
<b>ADMINISTRATIVE AND EXPENSES</b>				
<b>13</b> Compensation of officers, directors, trustees, etc	52,000.	5,200.		46,800.
<b>14</b> Other employee salaries and wages	10,009.	1,001.		9,008.
<b>15</b> Pension plans, employee benefits	70,185.	7,019.		63,166.
<b>16a</b> Legal fees (attach schedule) L-16a Stmt	2,377.	238.		2,140.
<b>b</b> Accounting fees (attach sch) L-16b Stmt	2,660.	1,330.		1,330.
<b>c</b> Other prof fees (attach sch) L-16c Stmt	30,348.	30,347.		
<b>17</b> Interest				
<b>18</b> Taxes (attach schedule) See Line 18 Stmt	16,999.	8,554.		8,445.
<b>19</b> Depreciation (attach schedule) and depletion	1,795.			
<b>20</b> Occupancy				
<b>21</b> Travel, conferences, and meetings	1,681.			1,673.
<b>22</b> Printing and publications				
<b>23</b> Other expenses (attach schedule) See Line 23 Stmt	102,069.	19,308.		82,697.
<b>24 Total operating and administrative expenses.</b> Add lines 13 through 23	290,123.	72,997.		215,259.
<b>25</b> Contributions, gifts, grants paid				
<b>26 Total expenses and disbursements.</b> Add lines 24 and 25	290,123.	72,997.		215,259.
<b>27</b> Subtract line 26 from line 12:				
<b>a Excess of revenue over expenses and disbursements</b>	267,261.			
<b>b Net investment income</b> (if negative, enter -0-)		483,762.		
<b>c Adjusted net income</b> (if negative, enter -0-)				

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
A s s e t s	1 Cash – non-interest-bearing	4,171.	21,627.	21,627.
	2 Savings and temporary cash investments	77,961.	20,279.	20,279.
	3 Accounts receivable			
	Less: allowance for doubtful accounts			
	4 Pledges receivable			
	Less: allowance for doubtful accounts			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach sch)	193,750.		
	Less: allowance for doubtful accounts	193,750.	193,750.	193,750.
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments – U.S. and state government obligations (attach schedule)			
	b Investments – corporate stock (attach schedule) L-10b Stmt	2,793,520.	2,103,414.	2,269,033.
	c Investments – corporate bonds (attach schedule)			
	11 Investments – land, buildings, and equipment: basis	972,706.		
Less: accumulated depreciation (attach schedule) L-11 Stmt	0.	972,706.	972,706.	
12 Investments – mortgage loans				
13 Investments – other (attach schedule)				
14 Land, buildings, and equipment: basis	47,833.			
Less: accumulated depreciation (attach schedule) L-14 Stmt	6,136.	14,622.	41,697.	
15 Other assets (describe)				
16 <b>Total assets</b> (to be completed by all filers – see instructions. Also, see page 1, item I).	3,084,024.	3,353,473.	3,519,092.	
L i a b i l i t i e s	17 Accounts payable and accrued expenses	0.		
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe See Other Liab Stmt)	4,875.	7,063.	
	23 <b>Total liabilities</b> (add lines 17 through 22)	4,875.	7,063.	
N e t A s s e t s o r F u n d B a l a n c e s	<b>Organizations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.</b> <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	<b>Organizations that do not follow SFAS 117, check here and complete lines 27 through 31.</b> <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	3,079,149.	3,346,410.	
	28 Paid-in or capital surplus, or land, building, and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds				
30 <b>Total net assets or fund balances</b> (see instructions)	3,079,149.	3,346,410.		
31 <b>Total liabilities and net assets/fund balances</b> (see instructions)	3,084,024.	3,353,473.		

**Part III Analysis of Changes in Net Assets or Fund Balances**

1 Total net assets or fund balances at beginning of year– Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,079,149.
2 Enter amount from Part I, line 27a	2	267,261.
3 Other increases not included in line 2 (itemize)	3	
4 Add lines 1, 2, and 3	4	3,346,410.
5 Decreases not included in line 2 (itemize)	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)– Part II, column (b), line 30	6	3,346,410.

**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a SEE SCHEDULE 1 ATTACHED	P	Various	Various
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 1,464,349.		1,107,585.	356,764.
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a 0.	0.	0.	356,764.
b			
c			
d			
e			

2 Capital gain net income or (net capital loss). <span style="float:right">[ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 ]</span>	2	356,764.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): <span style="float:right">[ If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 ]</span>	3	

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

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

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

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period?  Yes  No

If 'Yes,' the organization does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2004	247,052.	3,238,632.	0.076283
2003	212,315.	2,886,719.	0.073549
2002	220,026.	3,191,953.	0.068931
2001	213,509.	3,372,940.	0.063301
2000	156,092.	4,035,132.	0.038683

2 Total of line 1, column (d)	2	0.320747
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.064149
4 Enter the net value of noncharitable-use assets for 2005 from Part X, line 5	4	3,138,261.
5 Multiply line 4 by line 3	5	201,316.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	4,838.
7 Add lines 5 and 6	7	206,154.
8 Enter qualifying distributions from Part XII, line 4	8	244,129.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948— see instructions)**

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling letter: _____ (attach copy of ruling letter if necessary— see instructions)			
b Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b.		1	4,838.
c All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b).			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-).		2	0.
3 Add lines 1 and 2		3	4,838.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-).		4	0.
5 <b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-.		5	4,838.
6 Credits/Payments:			
a 2005 estimated tax prmts and 2004 overpayment credited to 2005	6a	4,472.	
b Exempt foreign organizations— tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c	2,500.	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d.		7	6,972.
8 Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached.		8	20.
9 <b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>		9	
10 <b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>		10	2,114.
11 Enter the amount on line 10 to be: Credited to 2006 estimated tax <u>2,114.</u> Refunded		11	

**Part VII-A Statements Regarding Activities**

	Yes	No
1 a During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1 b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?		X
<i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.</i>		
1 c Did the organization file <b>Form 1120-POL</b> for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the organization. . . . \$ _____ (2) On organization managers. . . . \$ _____		
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. . . . \$ _____		
2 Has the organization engaged in any activities that have not previously been reported to the IRS?		X
<i>If 'Yes,' attach a detailed description of the activities.</i>		
3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes.</i>		X
4 a Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
4 b If 'Yes,' has it filed a tax return on <b>Form 990-T</b> for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?		X
<i>If 'Yes,' attach the statement required by General Instruction T.</i>		
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		
6	X	
7 Did the organization have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions). . . . <u>OREGON</u>		
b If the answer is 'Yes' to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If 'No,' attach explanation.</i>		
8 b	X	
9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year?		X
<i>If 'Yes,' attach a schedule listing their names and addresses.</i>		
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? . . . Web site address . . . . . <u>WWW.PNF.ORG</u>		
11	X	
12 The books are in care of <u>FRANKLIN C. COOK</u> Telephone no. <u>(503) 977-3226</u> Located at <u>7619 SW 26TH AVE.; PORTLAND, OREGON</u> ZIP + 4 <u>97219-2538</u>		
13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of <b>Form 1041</b> — Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year. . . . <u>13</u>		

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

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

	Yes	No
<b>1a</b> During the year did the organization (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 checked="" type="checkbox"/> Yes <input 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? <b>Exception.</b> Check 'No' if the organization 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 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? <input type="checkbox"/> <b>1b</b>		X
Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
<b>c</b> Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2005? <input type="checkbox"/> <b>1c</b>		X
<b>2</b> Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
<b>a</b> At the end of tax year 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years <input type="checkbox"/> 20__ , 20__ , 20__ , 20__		
<b>b</b> Are there any years listed in 2a for which the organization is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement— see instructions.) <input type="checkbox"/> <b>2b</b>		
<b>c</b> If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. <input type="checkbox"/> 20__ , 20__ , 20__ , 20__		
<b>3a</b> Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>b</b> If 'Yes,' did it have excess business holdings in 2005 as a result of (1) any purchase by the organization 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 organization had excess business holdings in 2005.) <input type="checkbox"/> <b>3b</b>		
<b>4a</b> Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? <input type="checkbox"/> <b>4a</b>		X
<b>b</b> Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2005? <input type="checkbox"/> <b>4b</b>		X
<b>5a</b> During the year did the organization 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 purposes, 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 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? <input type="checkbox"/> <b>5b</b>		
Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
<b>c</b> If the answer is 'Yes' to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? <input type="checkbox"/> Yes <input type="checkbox"/> No If 'Yes,' attach the statement required by Regulations section 53.4945-5(d).		
<b>6a</b> Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>b</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> <b>6b</b>		X
If you answered 'Yes' to 6b, also file Form 8870.		

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

**1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).**

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
FRANKLIN C. COOK 7619 SW 26TH; PORTLAND, OR	EXEC. VP 40 HRS/WK	26,000.	41,427.	0.
ANNA M. SALANTI 7619 SW 26TH; PORTLAND, OR	PRESIDENT 40 HRS/WK	26,000.	41,681.	0.
KATHLEEN M. COOK 4601 BLACKROCK DR. #735; SACRAMENTO, CA	VICE PRES 1/4 HR/WK	0.	0.	0.
See Part VIII, Line 1 Stmt		0.	0.	0.

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

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

Total number of other employees paid over \$50,000 ..... None

**3 Five highest-paid independent contractors for professional services- (see instructions). If none, enter 'NONE.'**

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

Total number of others receiving over \$50,000 for professional services ..... None

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

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

	Expenses
1 ANALYSIS & EDUCATION RE: VARIOUS ASPECTS OF HEALTH	190,123.
2 TEST & ANALYZE EQUIPMENT. PUBLISH REPORT ON FOUNDATION'S WEB SITE WITH RESULTS OF ANALYSIS.	37,668.
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 _____ _____	
2 _____ _____	
All other program-related investments. See instructions.	
3 _____ _____	
<b>Total.</b> Add lines 1 through 3	

**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	3,081,771.
b Average of monthly cash balances	1b	95,286.
c Fair market value of all other assets (see instructions)	1c	8,995.
d <b>Total</b> (add lines 1a, b and c)	1d	3,186,052.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2 Acquisition indebtedness applicable to line 1 assets	2	0.
3 Subtract line 2 from line 1d	3	3,186,052.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	47,791.
5 <b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	3,138,261.
6 <b>Minimum investment return.</b> Enter 5% of line 5.	6	156,913.

**Part XI Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here  and do not complete this part.)

1 Minimum investment return from Part X, line 6	1	156,913.
2a Tax on investment income for 2005 from Part VI, line 5	2a	4,838.
2b Income tax for 2005. (This does not include the tax from Part VI.)	2b	
2c Add lines 2a and 2b	2c	4,838.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	152,075.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	152,075.
6 Deduction from distributable amount (see instructions)	6	
7 <b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1.	7	152,075.

**Part XII Qualifying Distributions** (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc.— total from Part I, column (d), line 26	1a	215,259.
b Program-related investments — total from Part IX-B.	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	28,870.
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 <b>Qualifying distributions</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4.	4	244,129.
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	4,838.
6 <b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	239,291.

**Note:** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

**Part XIII Undistributed Income** (see instructions)

	(a) Corpus	(b) Years prior to 2004	(c) 2004	(d) 2005
1 Distributable amount for 2005 from Part XI, line 7				152,075.
2 Undistributed income, if any, as of the end of 2004:				
a Enter amount for 2004 only			0.	
b Total for prior years: 20__, 20__, 20__				
3 Excess distributions carryover, if any, to 2005:				
a From 2000	0.			
b From 2001	0.			
c From 2002	0.			
d From 2003	35,454.			
e From 2004	251,454.			
f Total of lines 3a through e	286,908.			
4 Qualifying distributions for 2005 from Part XII, line 4: ▶ \$ 244,129.				
a Applied to 2004, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)				
c Treated as distributions out of corpus (Election required - see instructions)	244,129.			
d Applied to 2005 distributable amount				
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2005 (If an amount appears in column (d), the same amount must be shown in column (a).)	152,075.			152,075.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	378,962.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2004. Subtract line 4a from line 2a. Taxable amount - see instructions			0.	
f Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2000 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2006. Subtract lines 7 and 8 from line 6a	378,962.			
10 Analysis of line 9:				
a Excess from 2001	0.			
b Excess from 2002	0.			
c Excess from 2003	0.			
d Excess from 2004	134,833.			
e Excess from 2005	244,129.			



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

N/A

**1 a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2005, enter the date of the ruling.....

**b** Check box to indicate whether the organization is a private operating foundation described in section  4942(j)(3) or  4942(j)(5)

**2 a** Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

	Tax year				(e) Total
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	
<b>b</b> 85% of line 2a.....					
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed.....					
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities.....					
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c.....					
<b>3</b> Complete 3a, b, or c for the alternative test relied upon:					
<b>a</b> 'Assets' alternative test— enter:					
<b>(1)</b> Value of all assets.....					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i).....					
<b>b</b> 'Endowment' alternative test— Enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed.....					
<b>c</b> 'Support' alternative test— enter:					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties).....					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).....					
<b>(3)</b> Largest amount of support from an exempt organization.....					
<b>(4)</b> Gross investment income.....					

**Part XV Supplementary Information** (Complete this part only if the organization had \$5,000 or more in assets at any time during the year.)

**1 Information Regarding Foundation Managers:**

**a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)  
N/A

**b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.  
N/A

**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs:**

Check here  if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc, (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

**a** The name, address, and telephone number of the person to whom applications should be addressed:  
N/A

**b** The form in which applications should be submitted and information and materials they should include:  
N/A

**c** Any submission deadlines:  
N/A

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

**Part XV Supplementary Information** (continued)

**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i>				
<b>Total</b> .....				<b>▶ 3a</b>
<i>b Approved for future payment</i>				
<b>Total</b> .....				<b>▶ 3b</b>

Part XVI-A Analysis of Income-Producing Activities

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include: 1 Program service revenue (a-f), 2 Membership dues and assessments, 3 Interest on savings and temporary cash investments (14, 1,505), 4 Dividends and interest from securities (14, 197,860), 5 Net rental income or (loss) from real estate (a-b), 6 Net rental income or (loss) from personal property, 7 Other investment income, 8 Gain or (loss) from sales of assets other than inventory (18, 356,764), 9 Net income or (loss) from special events, 10 Gross profit or (loss) from sales of inventory, 11 Other revenue (a-e), 12 Subtotal (556,759), 13 Total (556,759).

(See worksheet in the instructions for line 13 to verify calculations.)

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

Table with 2 columns: Line No., Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). (See instructions.)

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

**1** Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

	Yes	No
<b>1 a (1)</b>		X
<b>1 a (2)</b>		X
<b>1 b (1)</b>		X
<b>1 b (2)</b>		X
<b>1 b (3)</b>		X
<b>1 b (4)</b>		X
<b>1 b (5)</b>		X
<b>1 b (6)</b>		X
<b>1 c</b>		X

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

- (1) Cash
- (2) Other assets

**b** Other transactions:

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

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

**d** If the answer to any of the above is 'Yes,' complete the following schedule. Colum**(b)** should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in colum**(d)** the value of the goods, other assets, or services received.

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

**2 a** Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?  Yes  No

**b** If 'Yes,' complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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

COPY

<b>S I G N  H E R E</b>	Signature of officer or trustee _____ Date _____ Title _____	
	<b>Paid Preparer's Use Only</b>	Preparer's signature _____ Date _____ Check if self-employed <input checked="checked" type="checkbox"/> Preparer's SSN or PTIN (See instructions) Firm's name (or yours if self-employed), address, and ZIP code _____ EIN <b>77-0476969</b> ARROYO GRANDE CA 93420 Phone no. _____

**Part IV Figuring the Penalty**

		(a)	(b)	(c)	(d)
19	Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). <b>(Form 990-PF and Form 990-T filers:</b> Use 5th month instead of 3rd month.).....	19	See Stmt		
20	Number of days from due date of installment on line 9 to the date shown on line 19.....	20			
21	Number of days on line 20 after 4/15/2005 and before 10/1/2005.....	21			
22	Underpayment on line 17 x $\frac{\text{Number of days on line 21}}{365}$ x 6%.....	22			
23	Number of days on line 20 after 9/30/2005 and before 4/1/2006.....	23			
24	Underpayment on line 17 x $\frac{\text{Number of days on line 23}}{365}$ x 7%.....	24			
25	Number of days on line 20 after 3/31/2006 and before 7/1/2006.....	25			
26	Underpayment on line 17 x $\frac{\text{Number of days on line 25}}{365}$ x ____ *%.....	26			
27	Number of days on line 20 after 6/30/2006 and before 10/1/2006.....	27			
28	Underpayment on line 17 x $\frac{\text{Number of days on line 27}}{365}$ x ____ *%.....	28			
29	Number of days on line 20 after 9/30/2006 and before 1/1/2007.....	29			
30	Underpayment on line 17 x $\frac{\text{Number of days on line 29}}{365}$ x ____ *%.....	30			
31	Number of days on line 20 after 12/31/2006 and before 2/16/2007.....	31			
32	Underpayment on line 17 x $\frac{\text{Number of days on line 31}}{365}$ x ____ *%.....	32			
33	Add lines 22, 24, 26, 28, 30, and 32.....	33			
34	<b>Penalty.</b> Add columns (a) through (d) of line 33. Enter the total here and on Form 1120, line 33; Form 1120-A, line 29; or the comparable line for other income tax returns.....	34			20.

**\*For underpayments paid after March 31, 2006:** For lines 26, 28, 30, and 32, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website [www.irs.gov](http://www.irs.gov). You can also call 1-800-829-4933 to get interest rate information.



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

**Line 18 Stmt**

Taxes: (see instructions)	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
PAYROLL TAXES	8,930.	893.		8,037.
FOREIGN TAXES W/HELD ON INV.	711.	711.		
OREGON DEPT. OF JUSTICE	408.			408.
U. S. TREASURY	6,950.	6,950.		
<b>Total</b>	<u>16,999.</u>	<u>8,554.</u>		<u>8,445.</u>

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

**Line 23 Stmt**

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
BANK CHARGES	116.	116.		
BUSINESS MEALS	128.	64.		
COMPUTER SUPPLIES	949.	475.		474.
DUES & SUBSCRIPTIONS	1,282.	892.		390.
EDUCATION	5,351.			5,351.
IN-HOUSE PROJECTS	45,356.			45,356.
INSURANCE	14,288.	2,858.		11,430.
MEDICAL EXPENSE	17,878.	1,788.		16,090.
MISCELLANEOUS	3,095.	3,095.		
OFFICE EXPENSE	2,379.	1,190.		1,189.
POSTAGE	814.	407.		407.
STORAGE	1,485.	742.		743.
TELEPHONE	2,534.	1,267.		1,267.
RENTAL EXPENSES	6,414.	6,414.		
<b>Total</b>	<u>102,069.</u>	<u>19,308.</u>		<u>82,697.</u>

Form 990-PF, Page 6, Part VIII, Compensation

**Part VIII, Line 1 Stmt**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
TIM MULVIHILL 306 SW 29TH; PORTLAND, OR	BOARD MEMBER 1/4 HR/WK	0.	0.	0.
ADRIA DODICI 11219 SW 64TH; PORTLAND, OR	BOARD MEMBER 1/4 HR/WK	0.	0.	0.
<b>Total</b>		<u>0.</u>	<u>0.</u>	<u>0.</u>

Form 990-PF, Page 1, Part I, Line 16a

**L-16a Stmt**

Line 16a - Legal Fees: Name of Provider	Type of Service Provided	Amount Paid
NORTHWEST RETIREMENT PLANS	PREPARATION OF PENSION PLAN DOCUMENTS	2,034.

Form 990-PF, Page 1, Part I, Line 16a

Continued

**L-16a Stmt**

<b>Line 16a - Legal Fees:</b> Name of Provider	Type of Service Provided	Amount Paid
QUARLES & BRADY	CONSULTATION	343.
Total		<u>2,377.</u>

Form 990-PF, Page 1, Part I, Line 16b

**L-16b Stmt**

<b>Line 16b - Accounting Fees:</b> Name of Provider	Type of Service Provided	Amount Paid
KAREN L. CASSIDY, C.P.A.	ACCTG & PREP. OF F/S & TAX RETURNS	2,660.
Total		<u>2,660.</u>

Form 990-PF, Page 1, Part I, Line 16c

**L-16c Stmt**

<b>Line 16c - Other Professional Fees:</b> Name of Provider	Type of Service Provided	Amount Paid
SUNAMERICA SECURITIES	INVESTMENT FEES	30,348.
Total		<u>30,348.</u>

Form 990-PF, Page 2, Part II, Line 10b

**L-10b Stmt**

<b>Line 10b - Investments - Corporate Stock:</b>	End of Year	
	Book Value	Fair Market Value
SUNAMERICA SECURITIES BROKERAGE PORTFOLIO	2,103,414.	2,269,033.
Total	<u>2,103,414.</u>	<u>2,269,033.</u>

Form 990-PF, Page 2, Part II, Line 11

**L-11 Stmt**

<b>Line 11b - Description of Investments</b> Land, Buildings and Equipment	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
RENTAL PROPERTIES	972,706.	0.	972,706.
Total	<u>972,706.</u>	<u>0.</u>	<u>972,706.</u>



Form 990-PF, Page 2, Part II, Line 14

**L-14 Stmt**

Line 14b - Description of Land, Buildings, and Equipment	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
LAND/BLDG - MEDITERRANEAN RES.	8,995.	0.	8,995.
5/22/99 - COMPUTER	995.	995.	0.
3/31/02 - OFFICE EQUIP/COMPUTER	4,514.	3,386.	1,128.
8/31/03 - COMPUTER	2,500.	1,167.	1,333.
6/27/04 - COMPUTER	1,959.	588.	1,371.
7/1/05 - TECH. ASSESSMENT EQUIP.	28,870.	0.	28,870.
Total	<u>47,833.</u>	<u>6,136.</u>	<u>41,697.</u>

Form 990-PF, Page 2, Part II, Line 22

**Other Liab Stmt**

Line 22 - Other Liabilities:	Ending Book Value
CREDIT CARD PAYABLE	6,963.
SECURITY DEPOSITS - RENTALS	100.
Total	<u>7,063.</u>

## SCHEDULE 1

PART IV - Capital Gains and Losses

<u>Description</u>	<u>Date Acquired</u>	<u>Date Sold</u>	<u>Proceeds</u>	<u>Cost</u>	<u>Gain (Loss)</u>
3800 shs AMLI Residential Prop Trust	3/27/2000	6/15/2005	113,872	82,542	31,330
610 shs Ace Ltd	11/19/2004	11/15/2005	33,926	23,636	10,290
660 shs Ace Ltd	11/19/2004	11/30/2005	36,139	25,186	10,953
3400 shs Arden Realty Group	2/28/2001	11/14/2005	153,594	89,597	63,997
520 shs Avery Dennison	4/8/2005	12/12/2005	29,680	31,996	(2,316)
3360 shs Bedford Property Investors	11/23/2001	11/14/2004	76,131	79,326	(3,195)
4900 shs Cornerstone Rlty Income Tr	11/23/2001	9/30/2005	81,591	50,271	31,320
2800 shs Equity Office Pptys	11/23/2001	11/14/2005	85,382	75,503	9,879
2750 shs Franklin Templeton Ltd Duration	4/21/2004	11/30/2005	33,314	38,879	(5,565)
2200 shs Franklin Templeton Ltd Duration	4/21/2004	12/12/2005	26,799	31,103	(4,304)
4000 shs Glenborough Rlty Tr	2/28/2001	4/29/2005	81,976	75,437	6,539
2000 shs Healthcare Realty Trust	3/21/2000	7/8/2005	79,918	33,948	45,970
3165 shs Hibernia Corp	6/7/2004	3/7/2005	100,853	75,086	25,767
4425 shs Highwoods Properties Inc.	3/21/2000	11/15/2005	127,163	97,142	30,021
1700 shs Home Depot	9/30/2005	11/14/2005	72,318	64,732	7,586
1660 shs Hospitality Pptys Trust	3/21/2000	11/14/2005	66,931	33,416	33,515
2040 shs Hudson Utd Bancorp	6/7/2004	7/27/2005	86,264	75,029	11,235
1100 shs Mack Cali Rlty Corp	11/23/2001	11/14/2005	46,967	36,261	10,706
1400 shs Mack Cali Rlty Corp	11/23/2001	11/15/2005	59,784	46,150	13,634
3050 shs New Plan Excel Realty Inc.	3/21/2000	11/14/2005	71,720	42,345	29,375
cash in lieu Colonial Properties Trust	4/30/2005	4/30/2005	26	-	26
cash in lieu Abrn Amro Hldg	9/8/2005	9/8/2005	1	-	1
			<u>1,464,349</u>	<u>1,107,585</u>	<u>356,764</u>

**SCHEDULE 2**

PART XIII - LINE 4c

SECTION 4942(h)(2) ELECTION  
AS TO THE TREATMENT OF QUALIFYING DISTRIBUTIONS

Pursuant to IRC Section 4942(h)(2) and Regulation 53.4942(a)-3(d)(2), the above referenced foundation hereby elects to treat current year qualifying distributions in excess of the immediately preceding tax year's undistributed income as being made out of corpus.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

PART I - LINE 19

PART II - LINE 14

	<u>Date</u> <u>Purchased</u>	<u>Cost</u>	<u>Accum</u> <u>Depr</u>	<u>Method</u>	<u>Life</u>	<u>Depr</u> <u>Expense</u>
Land/Bldg - Mediterranean Res.		8,995	-			-
Computer equipment	5/28/1999	995	995	SL	5	-
Office equipment/computer	3/31/2002	4,514	2,483	SL	5	903
Computer	8/31/2003	2,500	667	SL	5	500
Computer	6/27/2004	1,959	196	SL	5	392
Technology Assessment Equip.	7/1/2005	28,870	-			-
		<u>47,833</u>	<u>4,341</u>			<u>1,795</u>