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

2008

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

For calendar year 2008, or tax year beginning, OCT 1, 2008 and ending SEP 30, 2009

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation
WALTERS FAMILY FOUNDATION

Number and street (or P O box number if mail is not delivered to street address) Room/suite
290 NORTH D STREET 300

City or town, state, and ZIP code
SAN BERNARDINO, CA 92401-1709

A Employer identification number
93-1280994

B Telephone number
(909) 889-0871

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16)
\$ 4,175,301. (Part I, column (d) must be on cash basis)

J Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify)

C If exemption application is pending, check here ☐

D 1. Foreign organizations, check here ☐
2. Foreign organizations meeting the 85% test, check here and attach computation ☐

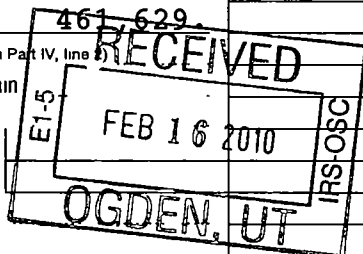
E If private foundation status was terminated under section 507(b)(1)(A), check here ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check ☒ if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments		316.	316.		STATEMENT 2
4 Dividends and interest from securities		113,113.	113,113.		STATEMENT 3
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		-31,554.			STATEMENT 1
b Gross sales price for all assets on line 6a					
7 Capital gain net income (from Part IV, line 8)			0.		
8 Net short-term capital gain					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income		104.	0.		STATEMENT 4
12 Total. Add lines 1 through 11		81,979.	113,429.		
13 Compensation of officers, directors, trustees, etc		71,000.	22,500.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees STMT 5		138.	0.		0.
b Accounting fees STMT 6		23,626.	16,970.		0.
c Other professional fees					
17 Interest					
18 Taxes STMT 7		1,748.	1,748.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings		8,929.	0.		0.
22 Printing and publications					
23 Other expenses STMT 8		2,794.	0.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		108,235.	41,218.		0.
25 Contributions, gifts, grants paid		179,999.			179,999.
26 Total expenses and disbursements. Add lines 24 and 25		288,234.	41,218.		179,999.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		-206,255.			
b Net investment income (if negative, enter -0-)			72,211.		
c Adjusted net income (if negative, enter -0-)				N/A	

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

Form 990-PF (2008)



Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	95,653.	108,965.	108,965.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations STMT 9	459,748.	419,995.	436,765.
	b Investments - corporate stock			
	c Investments - corporate bonds STMT 10	918,541.	941,272.	903,197.
Liabilities	11 Investments - land, buildings, and equipment basis ▶			
	Less: accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 11	3,270,074.	3,067,529.	2,726,374.
	14 Land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers)	4,744,016.	4,537,761.	4,175,301.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
Net Assets or Fund Balances	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐			
	and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☒			
	and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	0.	0.	
Net Assets or Fund Balances	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	4,744,016.	4,537,761.	
	30 Total net assets or fund balances	4,744,016.	4,537,761.	
	31 Total liabilities and net assets/fund balances	4,744,016.	4,537,761.	

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	4,744,016.
2 Enter amount from Part I, line 27a	2	-206,255.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	4,537,761.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	4,537,761.

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 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a AMERICAN FUNDS	P	VARIOUS	VARIOUS
b FRANKLIN FUNDS	P	VARIOUS	VARIOUS
c MFS FUNDS	P	VARIOUS	VARIOUS
d CAPITAL GAINS DIVIDENDS			
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 120,000.		138,476.	-18,476.
b 224,802.		246,048.	-21,246.
c 90,000.		108,659.	-18,659.
d 26,827.			26,827.
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			-18,476.
b			-21,246.
c			-18,659.
d			26,827.
e			

2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	-31,554.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8		3	N/A

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

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

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

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

☐ Yes ☒ No

If "Yes," the foundation 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 (col. (b) divided by col. (c))
2007	269,602.	5,170,090.	.052146
2006	161,308.	5,398,475.	.029880
2005	181,400.	5,078,991.	.035716
2004	80,457.	4,807,716.	.016735
2003	541,459.	4,602,784.	.117637

2 Total of line 1, column (d)	2	.252114
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	.050423
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	3,709,309.
5 Multiply line 4 by line 3	5	187,034.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	722.
7 Add lines 5 and 6	7	187,756.
8 Enter qualifying distributions from Part XII, line 4	8	179,999.

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

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

1a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling letter: _____ (attach copy of ruling letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		1	1,444.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2		3	1,444.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	1,444.
6 Credits/Payments:			
a 2008 estimated tax payments and 2007 overpayment credited to 2008	6a	2,842.	
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	2,842.	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,398.	
11 Enter the amount of line 10 to be: Credited to 2009 estimated tax ☐ 1,398. Refunded ☐	11	0.	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		X
1c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ☐ \$ 0. (2) On foundation managers. ☐ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ☐ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ☐ _____ OR		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2008 or the taxable year beginning in 2008 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

N/A

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>N/A</u>	13	X	
14 The books are in care of ► <u>ROGERS, ANDERSON, MALODY & SCOTT</u> Telephone no. ► <u>(909) 889-0871</u> Located at ► <u>290 NORTH "D" STREET, STE 300, SAN BERNARDINO, CA</u> ZIP+4 ► <u>92409</u>				
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ☐ and enter the amount of tax-exempt interest received or accrued during the year ► <u>15</u> <u>N/A</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
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☒ Yes ☐ No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No		
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No		
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ☐	1b	X
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2008?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? ☐ Yes ☒ No If "Yes," list the years ► _____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) <u>N/A</u>	2b	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► _____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No		
b If "Yes," did it have excess business holdings in 2008 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2008.) <u>N/A</u>	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2008?	4b	X

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

5a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☐ Yes ☒ No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A
▶ ☐

5b

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A ☐ Yes ☐ No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

6b

X

If you answered "Yes" to 6b, also file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

☐ Yes ☒ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

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.

(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
SEE STATEMENT 12		71,000.	0.	0.

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

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

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

▶ 0

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	3,706,989.
b	Average of monthly cash balances	1b	58,807.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	3,765,796.
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	3,765,796.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	56,487.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,709,309.
6	Minimum investment return. Enter 5% of line 5	6	185,465.

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	185,465.
2a	Tax on investment income for 2008 from Part VI, line 5	2a	1,444.
b	Income tax for 2008. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,444.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	184,021.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	184,021.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	184,021.

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	179,999.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	179,999.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	179,999.

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 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				184,021.
2 Undistributed income, if any, as of the end of 2007				
a Enter amount for 2007 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2008:				
a From 2003	19,110.			
b From 2004				
c From 2005				
d From 2006				
e From 2007	17,733.			
f Total of lines 3a through e	36,843.			
4 Qualifying distributions for 2008 from Part XII, line 4: ► \$	179,999.			
a Applied to 2007, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2008 distributable amount				179,999.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2008 (If an amount appears in column (d), the same amount must be shown in column (a).)	4,022.			4,022.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	32,821.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2007. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2008. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2003 not applied on line 5 or line 7	15,088.			
9 Excess distributions carryover to 2009 Subtract lines 7 and 8 from line 6a	17,733.			
10 Analysis of line 9:				
a Excess from 2004				
b Excess from 2005				
c Excess from 2006				
d Excess from 2007	17,733.			
e Excess from 2008				

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 2008, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2008	(b) 2007	(c) 2006	(d) 2005	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test - enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see the instructions.)**1 Information Regarding Foundation Managers:**

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

NONE

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

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs

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

- a The name, address, and telephone number of the person to whom applications should be addressed:

SEE STATEMENT 13

- b The form in which applications should be submitted and information and materials they should include:

- c Any submission deadlines:

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

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

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

		Yes	No
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?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of:		
	(1) Cash		X
	(2) Other assets		X
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization		X
	(2) Purchases of assets from a noncharitable exempt organization		X
	(3) Rental of facilities, equipment, or other assets		X
	(4) Reimbursement arrangements		X
	(5) Loans or loan guarantees		X
	(6) Performance of services or membership or fundraising solicitations		X
	(c) Sharing of facilities, equipment, mailing lists, other assets, or paid employees		X
d	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[illegible]

2a Is the foundation 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
N/A		

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.

Sign Here	Signature of officer or trustee <i>Clifford A. Walters</i>		Date <i>12-10-10</i>	Title <i>President</i>
	Preparer's signature <i>[Signature]</i>		Date <i>2/5/10</i>	Check if self-employed ☐
Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code ROGERS, ANDERSON, MALODY & SCOTT, LLP 290 N D STREET, SUITE 300 SAN BERNARDINO, CA 92401			Preparer's identifying number EIN 909-889-0871

FORM 990-PF GAIN OR (LOSS) FROM SALE OF ASSETS STATEMENT 1

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED	DATE ACQUIRED	DATE SOLD
AMERICAN FUNDS	PURCHASED	VARIOUS	VARIOUS
(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) (F) DEPREC. GAIN OR LOSS
120,000.	138,476.	0.	0. -18,476.

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED	DATE ACQUIRED	DATE SOLD
FRANKLIN FUNDS	PURCHASED	VARIOUS	VARIOUS
(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) (F) DEPREC. GAIN OR LOSS
224,802.	246,048.	0.	0. -21,246.

(A) DESCRIPTION OF PROPERTY	MANNER ACQUIRED	DATE ACQUIRED	DATE SOLD
MFS FUNDS	PURCHASED	VARIOUS	VARIOUS
(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) (F) DEPREC. GAIN OR LOSS
90,000.	108,659.	0.	0. -18,659.

CAPITAL GAINS DIVIDENDS FROM PART IV 26,827.

TOTAL TO FORM 990-PF, PART I, LINE 6A -31,554.

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 2

SOURCE	AMOUNT
AMERICAN FUNDS	144.
FRANKLIN FUNDS	91.
MFS FUNDS	81.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	316.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 3

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
AMERICAN FUNDS	62,519.	15,603.	46,916.
FRANKLIN FUNDS	43,534.	2,978.	40,556.
MFS FUNDS	33,887.	8,246.	25,641.
TOTAL TO FM 990-PF, PART I, LN 4	139,940.	26,827.	113,113.

FORM 990-PF OTHER INCOME STATEMENT 4

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
CLASS ACTION SETTLEMENT	104.	0.	
TOTAL TO FORM 990-PF, PART I, LINE 11	104.	0.	

FORM 990-PF LEGAL FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL	138.	0.		0.
TO FM 990-PF, PG 1, LN 16A	138.	0.		0.

FORM 990-PF	ACCOUNTING FEES			STATEMENT 6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	23,626.	16,970.		0.
TO FORM 990-PF, PG 1, LN 16B	23,626.	16,970.		0.

FORM 990-PF	TAXES			STATEMENT 7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
STATE INVESTMENT INCOME				
TAXES	624.	624.		0.
FOREIGN TAXES	1,124.	1,124.		0.
TO FORM 990-PF, PG 1, LN 18	1,748.	1,748.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 8
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INSURANCE	2,250.	0.		0.
UTILITIES	49.	0.		0.
DUES AND SUBSCRIPTIONS	495.	0.		0.
TO FORM 990-PF, PG 1, LN 23	2,794.	0.		0.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS	STATEMENT	9
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DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
AMERICAN FUNDS US GOV OBLIGATIONS	X		114,066.	124,776.
FRANKLIN TEMPLETON US GOV OBLIGATIONS	X		157,359.	156,076.
MFS US GOV OBLIGATIONS	X		148,570.	155,913.
TOTAL U.S. GOVERNMENT OBLIGATIONS			419,995.	436,765.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			419,995.	436,765.

FORM 990-PF	CORPORATE BONDS	STATEMENT	10
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
AMERICAN FUNDS CORP BOND FUNDS	389,917.	356,090.
FRANKLIN TEMPLETON CORP BOND FUNDS	316,429.	319,466.
MFS CORP BOND FUNDS	234,926.	227,641.
TOTAL TO FORM 990-PF, PART II, LINE 10C	941,272.	903,197.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	11
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
AMERICAN FUNDS OTHER INVESTMENTS	COST	1,236,543.	1,071,679.
FRANKLIN TEMPLETON OTHER INVESTMENTS	COST	939,600.	887,760.
MFS OTHER INVESTMENTS	COST	891,386.	766,935.
TOTAL TO FORM 990-PF, PART II, LINE 13		3,067,529.	2,726,374.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS STATEMENT 12
TRUSTEES AND FOUNDATION MANAGERS

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
GLENN WALTERS 21445 SW EDY ROAD SHERWOOD, OR 97140	CHAIRMAN 0.00	4,000.	0.	0.
VIOLA WALTERS 21445 SW EDY ROAD SHERWOOD, OR 97140	SECRETARY/TREASURER 0.00	4,000.	0.	0.
CLIFFORD WALTERS 1489 SOUTH CENTER ST REDLANDS, CA 92373	PRESIDENT 10.00	37,000.	0.	0.
STEVE KAER 17110 CEDAR ROAD LAKE OSWEGO, OR 97034	BOARD MEMBER 0.00	4,000.	0.	0.
JIM ROUFENER P. O. BOX 890 CORNELIUS, OR 97113	BOARD MEMBER 0.00	4,000.	0.	0.
CHAD WALTERS 7367 HOLLYWOOD BLVD., #109 LOS ANGELES, CA 90046	BOARD MEMBER 0.00	2,000.	0.	0.
JON OLSEN 20580 SW WESTSIDE STREET ALOHA, OR 97007	BOARD MEMBER 0.00	4,000.	0.	0.
MINDY WALTERS 228 W. ANAPAMLE ST, APT. NO.E SANTA BARBARA, CA 93101	BOARD MEMBER 0.00	12,000.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		71,000.	0.	0.

FORM 990-PF

GRANT APPLICATION SUBMISSION INFORMATION
PART XV, LINES 2A THROUGH 2D

STATEMENT 13

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

CLIFFORD WALTERS C/O RAMS - ATTN PHILLIP WALLER, CPA
290 N. D STREET, SUITE 300
SAN BERNARDINO, CA 92401

TELEPHONE NUMBER

909-889-0871

FORM AND CONTENT OF APPLICATIONS

INITIATE WITH WRITTEN REQUEST

ANY SUBMISSION DEADLINES

NONE

RESTRICTIONS AND LIMITATIONS ON AWARDS

THE FOUNDATION EFFORTS ARE AIMED AT (1) PROGRAMS WHICH ENABLE AT-RISK INDIVIDUALS AND AT-RISK FAMILIES TO BECOME PRODUCTIVE, SELF-SUFFICIENT MEMBERS OF SOCIETY, AND (2) CONTRIBUTING TO THE OVERALL BETTERMENT OF SOCIETY. THE FOUNDATION GENERALLY LIMITS ITS FUNDING TO ORGANIZATIONS LOCATED IN THE STATE OF OREGON, WITH PREFERENCE GIVEN TO ORGANIZATIONS WITHIN METROPOLITAN PORTLAND, PARTICULARLY IN THE HILLSBORO AREA.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 14

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
DE PAUL INDUSTRIES 4950 NE MARTIN LUTHER KING JR. BLVD., PORTLAND, OR 97211	TO HELP IN THE TRAINING OF DISABLED INDIVIDUALS.	EXEMPT	5,000.
FOREST GROVE SPANISH SDA CHURCH 4021 19TH AVENUE, FOREST GROVE, OR 97116	CHARITABLE	EXEMPT	10,000.
CASA FOR CHILDREN 1401 NE 68TH AVENUE, PORTLAND, OR 97213	CHARITABLE	EXEMPT	3,000.
PORTLAND YOUTH BUILDERS 4816 SE 92ND AVENUE, PORTLAND, OR 97266	CHARITABLE	EXEMPT	3,000.
PARENT ENHANCEMENT PROGRAM OF THE BENTON COMMITTEE TO PREVENT CHILD ABUSE 421 NW 4TH STREET, SUITE A, CORVALLIS, OR 97330	CHARITABLE	EXEMPT	4,000.
LIFE WORKS NORTHWEST 14600 NW CORNELL ROAD, PORTLAND, OR 97229	CHARITABLE	EXEMPT	5,000.
SMART 219 NW 12TH AVENUE, SUITE 203, PORTLAND, OR 97209	CHARITABLE	EXEMPT	6,000.
ALBERTINA KERR CENTERS 424 NE 22ND AVENUE, PORTLAND, OR 97232	CHARITABLE	EXEMPT	2,500.

WALTERS FAMILY FOUNDATION

93-1280994

COMMUNITY WAREHOUSE 3969 NE MARTIN LUTHER KING JR. BLVD, PORTLAND, OR 97212-1117	CHARITABLE	EXEMPT	2,500.
DINNER & A MOVIE PO BOX 28237, PORTLAND, OR 97228	CHARITABLE	EXEMPT	2,000.
BIENESTAR 220 SE 12TH AVE., SUITE A-100, HILLSBORO, OR 97123	CHARITABLE	EXEMPT	7,500.
AMERICAN RED CROSS-OREGON TRAIL CHAPTER 313 N. VANCOUVER AVE, PORTLAND, OR 97208	CHARITABLE	EXEMPT	5,000.
HACIENDA COMMUNITY DEVELOPMENT CORPORATION 5136 NE 42ND AVE., PORTLAND, OR 97218	CHARITABLE	EXEMPT	5,000.
BETHANY HOUSE PO BOX 3278, GRESHAM, OR 97030	CHARITABLE	EXEMPT	15,000.
PORTLAND ADVENTIST COMMUNITY SERVICES 11020 NE HALSEY ST., PORTLAND, OR 97220	CHARITABLE	EXEMPT	50,000.
BLANCHET HOUSE OF HOSPITALITY 340 NW GLISON, PORTLAND, OR 97209	CHARITABLE	EXEMPT	20,000.
YWCA 1111 SW 10TH AVENUE, PORTLAND, OR 97205	CHARITABLE	EXEMPT	4,000.
VOLUNTEERS OF AMERICA-OREGON 3910 SE STARK STREET, PORTLAND, OR 97214	CHARITABLE	EXEMPT	5,000.
GLADSTONE PARK SDA CHURCH 1475 OHLSON ROAD, GLADSTONE, OR 97027-1426	CHARITABLE	EXEMPT	20,000.

AUTISM RESEARCH & RESOURCES OF
OREGON
PO BOX 4282, PORTLAND, OR
97208-4282

CHARITABLE

EXEMPT

4,000.

FOREST GROVE SDA CHURCH,
COMMUNITY SERVICES DEPT.
1950 MOUNTAIN VIEW LANE, FOREST
GROVE, OR 97116-2222

CHARITABLE

EXEMPT

1,499.

TOTAL TO FORM 990-PF, PART XV, LINE 3A

179,999.