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Form **990-PF**Department of the Treasury
Internal Revenue Service**Return of Private Foundation**
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

OMB No 1545-0052

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 **November 01, 2008**, and ending **October 31, 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 LESTER M. SMITH FOUNDATION		A Employer identification number 91-1156087
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions) (425) 455-0923
	City or town, state, and ZIP code BELLEVUE, WA 98009		C If exemption application is pending, check here ☐
H Check type of organization. ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation			D 1 Foreign organizations, check here ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 4077,576			2 Foreign organizations meeting the 85% test, check here and attach computation ☐
J Accounting method. ☒ Cash ☐ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis)			E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
			F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	220,000			
	2 Check ☐ if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	9,453	9,453	9,453	
	4 Dividends and interest from securities	96,738	96,738	96,738	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	149,714			
	b Gross sales price for all assets on line 6a 667,040				
	7 Capital gain net income (from Part IV, line 2)		149,714		
	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) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	475,905	255,905	106,191		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule) (STMT I)	175			175
	c Other professional fees (attach schedule)				
	17 Interest (STMT II)	2,700			
	18 Taxes (attach schedule) (see page 14 of the instructions)				
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) (STMT III)	11,745			11,670
	24 Total operating and administrative expenses. Add lines 13 through 23	14,620	-0-	-0-	11,845
	25 Contributions, gifts, grants paid	223,330			223,330
26 Total expenses and disbursements. Add lines 24 and 25	237,950	-0-	-0-	235,175	
27 Subtract line 26 from line 12.	237,955				
a Excess of revenue over expenses and disbursements		255,905			
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)			106,191		

For Privacy Act and Paperwork Reduction Act Notice, see page 30 of the instructions.

Cat No 11289X

Form **990-PF** (2008)

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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
Assets	1 Cash—non-interest-bearing	870,993	1,252,867	1,258,111
	2 Savings and temporary cash investments			
	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 page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule) (STMT IV)	3,669,069	3,399,355	2,692,068
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis ▶			
Less accumulated depreciation (attach schedule) ▶				
12 Investments—mortgage loans				
13 Investments—other (attach schedule) (STMT V)	-0-	125,795	127,397	
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation (attach schedule) ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	4,540,062	4,778,017	4,077,576	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	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.	4,545,094	4,760,062	
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	(5,032)	17,955	
	29 Retained earnings, accumulated income, endowment, or other funds			
30 Total net assets or fund balances (see page 17 of the instructions)	4,540,062	4,778,017		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	4,540,062	4,778,017		

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	4,540,062
2 Enter amount from Part I, line 27a	2	237,955
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	4,778,017
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	4,778,017

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	Puget Energy, 9860 Shares	P+D	Various	02/09/09
b	Wells Fargo, 13506 Shares	P+D	Various	10/28/09
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 295,800	-0-	208,709	87,091
b 371,240	-0-	308,617	62,623
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a N/A	N/A	N/A	87,091
b N/A	N/A	N/A	62,623
c			
d			
e			

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	149,714
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) 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 page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2007	227,289	4,629,105	4.9
2006	197,167	4,824,950	4.1
2005	185,825	4,040,562	4.6
2004	159,010	3,896,450	4.1
2003	139,650	3,544,253	3.9

2 Total of line 1, column (d)	2	21.6
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	4.3
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	3,800,974
5 Multiply line 4 by line 3	5	163,442
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,559
7 Add lines 5 and 6	7	166,001
8 Enter qualifying distributions from Part XII, line 4 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 on page 18.	8	235,175

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the 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)		1	2,559
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b			
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	2,559
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	2,559
6 Credits/Payments:			
a 2008 estimated tax payments and 2007 overpayment credited to 2008	6a	2,889	
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	2,889	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	-0-	
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	330	
11 Enter the amount of line 10 to be Credited to 2009 estimated tax 330 Refunded	11		

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
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the 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
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation \$ (2) On foundation managers \$		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$		
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?	N/A	
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 page 19 of the instructions) WASHINGTON		
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 on page 27)? 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

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 page 20 of the 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 ▶	13	X	
14	The books are in care of ▶ <u>Alexander M. Smith</u> Telephone no ▶ <u>425-455-0923</u> Located at ▶ <u>700 112th Avenue NE, #302, Bellevue, WA</u> ZIP+4 ▶ <u>98004</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> N/A			

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	N/A
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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 ▶ 20 , 20 , 20 , 20		
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 page 20 of the instructions)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20 , 20 , 20 , 20		
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.)	3b	N/A
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

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)? (see page 22 of the instructions) ☐ Yes ☒ No(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No**b** If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? **5b** N/AOrganizations relying on a current notice regarding disaster assistance check here ☐**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ 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? **7b** N/A**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 page 22 of the 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
Lester M. Smith POB 3010, Bellevue, WA 98009	Director (Part-time)	-0-	-0-	-0-
Bernice R. Smith POB 3010, Bellevue, WA 98009	Director (Part-time)	-0-	-0-	-0-
Alexander M. Smith POB 3010, Bellevue, WA 98009	Director (Part-time)	-0-	-0-	-0-

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."

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

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

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3** Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
*** NONE ***		

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

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 The only activity of the Foundation is to make charitable contributions to other qualifying exempt organizations.	11,670
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 23 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 *** NONE ***	
2	
All other program-related investments See page 24 of the instructions	
3 *** NONE ***	
Total. Add lines 1 through 3	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the 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	2,726,723
b	Average of monthly cash balances	1b	1,132,134
c	Fair market value of all other assets (see page 24 of the instructions)	1c	-0-
d	Total (add lines 1a, b, and c)	1d	3,858,857
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	
3	Subtract line 2 from line 1d	3	3,858,857
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	57,883
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,800,974
6	Minimum investment return. Enter 5% of line 5	6	190,049

Part XI Distributable Amount (see page 25 of the 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	190,049
2a	Tax on investment income for 2008 from Part VI, line 5	2a	2,559
b	Income tax for 2008 (This does not include the tax from Part VI)	2b	-0-
c	Add lines 2a and 2b	2c	2,559
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	187,490
4	Recoveries of amounts treated as qualifying distributions	4	-0-
5	Add lines 3 and 4	5	187,490
6	Deduction from distributable amount (see page 25 of the instructions)	6	-0-
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	187,490

Part XII Qualifying Distributions (see page 25 of the 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	235,175
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	-0-
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	-0-
b	Cash distribution test (attach the required schedule)	3b	-0-
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	235,175
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	2,559
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	232,616

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 page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				187,490
2 Undistributed income, if any, as of the end of 2007.			228,865	
a Enter amount for 2007 only				
b Total for prior years: 20____, 20____, 20____		-0-		
3 Excess distributions carryover, if any, to 2008				
a From 2003				
b From 2004				
c From 2005				
d From 2006				
e From 2007				
f Total of lines 3a through e	-0-			
4 Qualifying distributions for 2008 from Part XII, line 4 ▶ \$ <u>235,175</u>			228,865	
a Applied to 2007, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)		-0-		
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)	-0-			
d Applied to 2008 distributable amount	-0-			6,310
e Remaining amount distributed out of corpus	-0-			-0-
5 Excess distributions carryover applied to 2008. (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	-0-			
b Prior years' undistributed income. Subtract line 4b from line 2b		-0-		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		-0-		
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions		-0-		
e Undistributed income for 2007. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions			-0-	
f Undistributed income for 2008. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				181,180
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)	-0-			
8 Excess distributions carryover from 2003 not applied on line 5 or line 7 (see page 27 of the instructions)	-0-			
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	-0-			
10 Analysis of line 9:				
a Excess from 2004				
b Excess from 2005				
c Excess from 2006				
d Excess from 2007				
e Excess from 2008				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

- 1a** 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 N/A
- 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	
2a 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	N/A				
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 $\frac{2}{3}$ 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 page 27 of 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).)

Lester M. Smith

- 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 foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the 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

ISSN: 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>				
*** PLEASE SEE ATTACHMENT FOR DETAILS ***				
Total				223,330
<i>b Approved for future payment</i>				
1) Overlake Hospital Foundation 1035 116th Ave NE, Bellevue, WA 98004	N/A	501C3	S. Tower Capital	5,000
2) Seattle Rotary Svc Fndtn 1215 4th Ave, #1118, Seattle, WA 98161	N/A	501C3	Family Services	10,000
3) The Seattle Foundation 1200 5th Ave, #1300, Seattle, WA 98101	N/A	501C3	Early Learning Program	5,000
4) YMCA of Greater Seattle 909 4th Ave, Seattle, WA 98104	N/A	501C3	Capital Fund	10,000
Total				30,000

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Worksheet: Analysis of income-producing activities					
Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514	(e) Related or exempt function income (See page 28 of the instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f _____					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	9,453	
4 Dividends and interest from securities			14	96,738	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	149,714	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a _____					
b _____					
c _____					
d _____					
e _____					
12 Subtotal Add columns (b), (d), and (e)				255,905	
13 Total. Add line 12, columns (b), (d), and (e)					255,905

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

[illegible]

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.


Signature of officer or trustee Alexander M. Smith

02/04/2010
Date

Foundation Manager
Title

Sign Here

**Paid
Preparer's
Use Only**

Preparer's signature 

Date _____

Check if self-employed ► ☐

Preparer's identifying
number (see **Signature** on
page 30 of the instructions)

Firm's name (or yours if self-employed), address, and ZIP code

EIN ►

Phone no ()

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

► Attach to Form 990, 990-EZ, and 990-PF.

OMB No 1545-0047

2008

Name of the organization

The Lester M. Smith Foundation

Employer identification number

91:1156087

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

- ☐ 501(c)() (enter number) organization
- ☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- ☐ 527 political organization

Form 990-PF

- ☒ 501(c)(3) exempt private foundation
- ☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
- ☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.)

General Rule

- ☒ For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33⅓% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ► \$

Caution. Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** answer "No" on Part IV, line 2 of their Form 990, or check the box in the heading of their Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization **The Lester M. Smith Foundation**Employer identification number
91 : 1156087**Part I** Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1.	Lester M. Smith 700 112th Avenue NE, #302 Bellevue, WA 98004	\$ 220,000/-	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		\$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

ID 91-1156087

**Statements attached to and made part of Form 990PF 2008
(Return of Private Foundation)**

Statement I: Part 1, Line 16b Accounting Fees

- Accounting Tax Service **\$175**

Statement II: Part 1, Line 18 Taxes

- 2008 Estimated tax payment **2,700**

Statement III: Part 1, Line 23 Other Expenses

- First Mutual Bank fees	\$36	
- State Treasurer Annual Report	10	
- State Secretary registration renewal	25	
- Nokia Corp service fee	4	
- Charities Fundraising events expenses	11,670	11,745

Statement IV: Part II, Line 10b Investments - Corporate Stock

	End of year Value	
	Book	FMV
- Alexander & Baldwin	\$142,600	\$86,490
- American Electric Power Co	56,461	60,440
- Bank of America	79,310	29,160
- Boeing	51,551	47,800
- Campbell Soup	24,707	31,750
- Chesapeake Utilities	24,294	31,680
- Chevron Texaco	72,763	153,080
- Citigroup	139,103	12,270
- Comcast	85,230	42,060
- Conagra Foods	23,094	21,000
- Consolidated Edison	83,950	81,360
- Costco Wholesale	74,750	113,700
- Deluxe	14,408	14,230
- Dish Network	37,010	17,400
- DuPont De Numours	42,288	31,820
- Duke Energy Corp	55,907	47,460
- Echostar	Spinoff	3,632
- Ennis Business Forms	60,989	90,900
- Enpro Industries	695	2,258
- Foot Locker	19,785	10,480
- Frontier Finl Corp	168,859	2,862
- Gannett Co	108,124	34,370

(Continued on Page 2)

LESTER M. SMITH FOUNDATION (ID 91-1156087)

Page 2 of 2

(Cont.) Statements attached to and made part of Form 990PF 2008

	<i>End of year Value</i>	
	<i>Book</i>	<i>FMV</i>
(Cont) Statement IV: Part II, Line 10b Investments - Corporate Stock		
- General Electric	\$61,355	\$28,520
- General Mills	48,346	65,920
- HJ Heinz	33,918	40,240
- IBM	109,030	120,610
- Iron Mountain	121,905	109,935
- Johnson & Johnson	53,119	59,050
- Kellogg	34,440	51,540
- Kimberly Clark	64,954	61,160
- Kraft Foods	30,933	27,520
- Laboratory Corp	75,020	68,890
- Lowes Co.	33,760	50,099
- Microsoft	47,591	22,830
- Meadwestvaco	29,640	55,460
- Motor Liquidation Co.	157,483	2,356
- New York Times	28,355	7,970
- Nokia Corp	36,524	12,610
- NW Natural Gas	24,375	41,810
- PNM Resources	23,131	21,440
- Pfizer	25,070	17,030
- Pitney Bowes	79,620	73,500
- Portland General Electric	25,395	18,590
- Radio Shack	22,923	16,890
- Spectra Energy	Spinoff	28,680
- Standard Register	50,339	19,080
- US Bancorp Del	79,484	95,899
- United Parcel Service	195,292	161,040
- Verizon Communications	64,107	59,180
- WalMart	56,300	49,680
- Washginton Federal	96,788	88,768
- Washginton Mutual	98,250	429
- Wells Fargo	102,893	137,600
- Weyerhaeuser Co	50,728	36,340
- Xerox Corp	72,409	75,200
	<u>\$3,399,355</u>	<u>\$2,692,068</u>

Statement V: Part II, Line 13 Investments - Other - Mutual Funds

	<i>End of year Value</i>	
	<i>Book</i>	<i>FMV</i>
- First Eagle Gold Fund	\$25,000	\$29,163
- FPA New Income Fund	100,795	98,234
	<u>\$125,795</u>	<u>\$127,397</u>

THE LESTER M SMITH FOUNDATION (EIN # 91-1156087)
 CONTRIBUTIONS PAID DURING THE FISCAL YEAR 11/01/08 - 10/31/09

(Page 1 of 2)

(ATTACHMENT TO FORM 990-PF 2008 / PART XV 3a)

<u>RECIPIENTS' NAME & ADDRESS</u>	<u>RELATIONS</u>	<u>STATUS</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
American Cancer Society 2120 1st Avenue N , Seattle, WA 98109	N/A	501 C 3	Relay for Life	\$1,000
American Liver Foundation/ Pacific NW Division 1311 Republic St, Seattle, WA 98109	N/A	501 C 3	General Operation	1,000
ArtsFund 10 Harrison St Ste 200, Seattle, WA 98109	N/A	501 C 3	General Operation	5,000
BECU Foundation PO Box 97050, Seattle, WA 98124	N/A	501 C 3	General Operation	2,500
Bellevue Rotary Foundation PO Box 523, Bellevue, WA 98009	N/A	501 C 3	General Operation	7,020
Bellevue Schools Foundation PO Box 40644, Bellevue, WA 98015	N/A	501 C 3	General Operation	500
Boy Scouts of America 3120 rainier Ave S, Seattle, WA 98114	N/A	501 C 3	General Operation	500
Broadcaster's Foundation of America 7 Lincoln Ave, 2nd Floor, Greenwich, CT 06830	N/A	501 C 3	General Operation	5,000
Camp Korey 28901 NE Carnation Farm Rd, Carnation, WA 98014	N/A	501 C 3	General Operation	500
Eastside Domestic Violence PO Box 6398, Bellevue, WA 98008	N/A	501 C 3	General Operation	5,000
Group Health Foundation PO Box 34936, Seattle, WA 98124	N/A	501 C 3	General Operation	4,750
Island Hospital Foundation 1211 24th St, Anacortes, WA 98221	N/A	501 C 3	General Operation	650
Jericho Alliance 23316 NE Redmond-Fall City Rd, Redmond, WA 98053	N/A	501 C 3	Medical Clinic	1,000
Junior Achievement of Washington 1700 Westlake Ave N, Suite 400, Seattle, WA 98109	N/A	501 C 3	General Operation	1,369
Kindering Center 16120 NE 8th St, Bellevue, WA 98008	N/A	501 C 3	General Operation	500
King County Sexual Assault Resource Center PO Box 300, Renton, WA 98057	N/A	501 C 3	General Operation	5,000
March of Dimes 1220 SW Morrison, Suite 510, Portland, OR 97205	N/A	501 C 3	General Operation	2,500
Marsha Rivkin Ctr for Ovarian Cancer 801 Broadway, Ste 701, Seattle, WA 98122	N/A	501 C 3	Medical Reserch	21,750
MaryBridge Children's Foundation PO Box 5296, Tacoma, WA 98415	N/A	501 C 3	General Operation	5,000
Museum of History & Industry 2700 24th Avenue E, Seattle, WA 98112	N/A	501 C 3	General Operation	2,000
NW Organization for Animal Help (N.O.A.H.) 31300 Brandstrom Rd, Stanwood, WA 98292	N/A	501 C 3	General Operation	4,654
Overlake Hospital Foundation 1035 116th Avenue NE, Bellevue, WA 98004	N/A	501 C 3	Nurse Residency Prgm	5,000
Overlake Hospital Foundation 1035 116th Avenue NE, Bellevue, WA 98004	N/A	501 C 3	Clinical Ed Program	5,000

(Continued on Page 2)

THE LESTER M SMITH FOUNDATION (EIN # 91-1156087)
(CONT) CONTRIBUTIONS PAID DURING THE FISCAL YEAR 11/01/08 - 10/31/09

(CONTINUED: ATTACHMENT TO FORM 990-PF 2008 / PART XV 3a)

<u>RECIPIENTS' NAME & ADDRESS</u>	<u>RELATIONS</u>	<u>STATUS</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
Overlake Hospital Foundation 1035 116th Avenue NE, Bellevue, WA 98004	N/A	501 C 3	S Tower Capital	\$5,000
Performing Arts Center Eastside 855 106 th Ave NE, Ste 150, Bellevue, WA 98004	N/A	501 C 3	General Operation	1,950
Puget Sound Blood Center 921 Tery Ave, Seattle, WA 98104	N/A	501 C 3	General Operation	3,000
Renton Community Foundation (Circle of Giving) PO Box 820, Renton, WA 98057	N/A	501 C 3	Circle of Giving	6,000
Renton Community Foundation PO Box 820, Renton, WA 98057	N/A	501 C 3	Renton Schools Fund	5,000
Ronald McDonald House Charities of W. WA 5130 40th Ave NE, Seattle, WA 98105	N/A	501 C 3	General Operation	1,750
Rotary Club of Kirkland PO Box 3299, Kirkland, WA 98083	N/A	501 C 3	Student Scholarships	500
Seattle Cancer Care Alliance 825 Eastlake E, Seattle, WA 98109	N/A	501 C 3	General Operation	1,000
Seattle Symphony 200 University St, Seattle, WA 98111	N/A	501 C 3	General Operation	1,362
The Healing Center 6409 1/2 Roosevelt Way NE, Seattle, WA 98115	N/A	501 C 3	General Operation	2,500
The Rose International Fund for Children 14150 NE 20th St, F1, Bellevue, WA 98007	N/A	501 C 3	General Operation	3,000
The Salvation Army 720 S Tobin, Renton, WA 98057	N/A	501 C 3	Renton Food Bank	10,000
The Seattle Foundation/ BPEL 1200 5th Avenue, Ste 1300, Seattle, WA 98101	N/A	501 C 3	Early Learning	5,000
United Way of King County 720 2nd Avenue, Seattle, WA 98104	N/A	501 C 3	General Operation	25,000
Virginia Mason Foundation 1218 Terry Ave, Seattle, WA 98111	N/A	501 C 3	Medical Research	4,875
Washington News Council PO Box 3672, Seattle, WA 98124	N/A	501 C 3	General Operation	4,700
World Vision 34834 Weyerhaeuser Way S, Federal Way, WA 98063	N/A	501 C 3	General Operation	25,500
YMCA of Greater Seattle/ Capital Campaign 909 4th Avenue, Seattle, WA 98104	N/A	501 C 3	Capital Campaign	10,000
YMCA of Greater Seattle/ Eastside District 700 108th Ave, Ste 201, Bellevue, WA 98004	N/A	501 C 3	Partner w/ Youth	5,000
YMCA of Snohomish County 2720 Rockefeller Ave, Everett, WA 98206	N/A	501 C 3	General Operation	5,000
Youth Eastside Services 999 164 Avenue NE, Bellevue, WA 98008	N/A	501 C 3	LifeLine Fund	5,000
Zion Preparatory Academy 4730 32nd Avenue S , Seattle, WA 98118	N/A	501 C 3	General Operation	5,000
TOTAL		3a		\$223,330