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Form **990-PF**

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

OMB No 1545-0052

**2010**

Department of the Treasury  
Internal Revenue Service

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

For calendar year 2010, or tax year beginning , 2010, and ending , 20

G Check all that apply  Initial return  Initial return of a former public charity  Final return  
 Amended return  Address change  Name change

Name of foundation THE KAPHAN FOUNDATION  
C/O KING & OLIASON PLLC  
A Employer identification number 65-1211107

Number and street (or P O box number if mail is not delivered to street address) 514 SECOND AVENUE WEST  
Room/suite  
B Telephone number (see page 10 of the instructions) (206) 285-7242

City or town, state, and ZIP code SEATTLE, WA 98119  
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

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) \$ 32,440,629.  
J Accounting method  Cash  Accrual  
 Other (specify) \_\_\_\_\_  
(Part I, column (d) must be on cash basis)

**Part I Analysis of Revenue and Expenses** (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (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)
1 Contributions, gifts, grants, etc., received (attach schedule)	2,090,823.			
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	464,402.	464,402.		ATCH 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	1,539.			
b Gross sales price for all assets on line 6a	1,412,361.			
7 Capital gain net income (from Part IV, line 2)		1,305,119.		
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	2,556,764.	1,769,521.		
13 Compensation of officers, directors, trustees, etc.	0.			
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule) ATCH 2	6,686.	3,343.	0.	3,343.
c Other professional fees (attach schedule)				
17 Interest. ATTACHMENT 3	493.	473.		
18 Taxes (attach schedule) (see page 14 of the instructions) *	71,857.	5,917.		
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule) ATCH 5	164,012.	17,500.		146,512.
24 Total operating and administrative expenses	243,048.	27,233.	0.	149,855.
Add lines 13 through 23	842,500.			842,500.
25 Contributions, gifts, grants paid				
26 Total expenses and disbursements. Add lines 24 and 25	1,085,548.	27,233.	0.	992,355.
27 Subtract line 26 from line 12	1,471,216.			
a Excess of revenue over expenses and disbursements		1,742,288.		
b Net investment income (if negative, enter -0-)				
c Adjusted net income (if negative, enter -0-)				

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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 . . . . .	25,844.	20,707.	20,707.
	2	Savings and temporary cash investments . . . . .	9,649,750.	3,582,585.	3,582,585.
	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 . . . . .			
	10 a	Investments - U S and state government obligations (attach schedule) . . . . .			
	b	Investments - corporate stock (attach schedule) <b>ATCH 6</b> . . . . .	13,972,234.	20,136,163.	27,068,077.
	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) <b>ATCH 7</b> . . . . .	129,915.	1,509,504.	1,769,260.
	14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
15	Other assets (describe ▶ . . . . .)				
16	<b>Total assets</b> (to be completed by all filers - see the instructions Also, see page 1, item I) . . . . .	23,777,743.	25,248,959.	32,440,629.	
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	<b>Total liabilities</b> (add lines 17 through 22) . . . . .			0.
Net Assets or Fund Balances	<b>Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.</b>				
	24	Unrestricted . . . . .			
	25	Temporarily restricted . . . . .			
	26	Permanently restricted . . . . .			
	<b>Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/></b>				
	27	Capital stock, trust principal, or current funds . . . . .	23,777,743.	25,248,959.	
	28	Paid-in or capital surplus, or land, bldg, and equipment fund . . . . .			
	29	Retained earnings, accumulated income, endowment, or other funds . . . . .			
30	<b>Total net assets or fund balances</b> (see page 17 of the instructions) . . . . .	23,777,743.	25,248,959.		
31	<b>Total liabilities and net assets/fund balances</b> (see page 17 of the instructions) . . . . .	23,777,743.	25,248,959.		

**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	23,777,743.
2	Enter amount from Part I, line 27a . . . . .	2	1,471,216.
3	Other increases not included in line 2 (itemize) ▶ . . . . .	3	
4	Add lines 1, 2, and 3 . . . . .	4	25,248,959.
5	Decreases not included in line 2 (itemize) ▶ . . . . .	5	
6	<b>Total net assets or fund balances at end of year</b> (line 4 minus line 5) - Part II, column (b), line 30 . . . . .	6	25,248,959.

**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 SEE PART IV SCHEDULE						
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						
b						
c						
d						
e						
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69						
(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	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))			
a						
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	1,305,119.	
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		

**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))
2009	836,812.	21,347,620.	0.039199
2008	693,601.	19,255,980.	0.036020
2007	275,492.	15,150,653.	0.018184
2006	164,665.	6,685,827.	0.024629
2005	192,086.	4,403,311.	0.043623
2 Total of line 1, column (d) . . . . .			0.161655
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 . . . . .			0.032331
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5 . . . . .			27,266,100.
5 Multiply line 4 by line 3 . . . . .			881,540.
6 Enter 1% of net investment income (1% of Part I, line 27b) . . . . .			17,423.
7 Add lines 5 and 6 . . . . .			898,963.
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			992,355.

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 18 of the 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 or determination 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 <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b . . . . .	1	17,423.
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	
3	Add lines 1 and 2 . . . . .	3	17,423.
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	17,423.
6	Credits/Payments		
a	2010 estimated tax payments and 2009 overpayment credited to 2010 . . . . .	6 a	2,950.
b	Exempt foreign organizations-tax withheld at source . . . . .	6 b	0.
c	Tax paid with application for extension of time to file (Form 8868) . . . . .	6 c	0.
d	Backup withholding erroneously withheld . . . . .	6 d	
7	Total credits and payments Add lines 6a through 6d . . . . .	7	2,950.
8	Enter any penalty for underpayment of estimated tax Check here <input checked="" type="checkbox"/> 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	14,473.
10	Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid . . . . .	10	
11	Enter the amount of line 10 to be Credited to 2011 estimated tax Refunded	11	

**Part VII-A Statements Regarding Activities**

	Yes	No
1 a		X
1 b		X
1 c		X
2		X
3		X
4 a		X
4 b	N/A	
5		X
6	X	
7	X	
8 a		
8 b	X	
9		X
10		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? . . . . . 13 X
Website address N/A
14 The books are in care of KING & OLIASON PLLC Telephone no 206-285-7242
Located at 514 SECOND AVE. WEST, SEATTLE, WA ZIP + 4 98119-3928
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here N/A and enter the amount of tax-exempt interest received or accrued during the year 15
16 At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? . . . . . 16 Yes No X
See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country

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.

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 X No
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? . . . . . Yes X No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? . . . . . Yes X No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? . . . . . Yes X 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 X 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 X 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 22 of the instructions)? . . . . . 1b N/A
Organizations relying on a current notice regarding disaster assistance check here . . . . .
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010? . . . . . 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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? . . . . . Yes X 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 page 22 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
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? . . . . . Yes X No
b If "Yes," did it have excess business holdings in 2010 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 2010) . . . . . 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 2010? . . . . . 4b X

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

- 5 a 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)?  Yes  No  
 Organizations 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? **N/A**  Yes  No  
 If "Yes," attach the statement required by Regulations section 53.4945-5(d)
- 6 a 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?  Yes  No  
 If "Yes" to 6b, file Form 8870
- 7 a 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?  Yes  No

5 b	N/A		
6 b			X
7 b	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
ATTACHMENT 8		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		0.	0.	0.

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

**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 . . . . .		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 DEVELOPMENT OF TECHNOLOGY THAT PROMOTES AND ENHANCES OPEN, PUBLIC DISCOURSE IN NEW AND INNOVATIVE WAYS.	145,977.
2 -----	
3 -----	
4 -----	

**Part IX-B Summary of Program-Related Investments (see page 24 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	0.
2 -----	
All other program-related investments See page 24 of the instructions	
3 NONE	0.
Total. Add lines 1 through 3 . . . . .	0.

**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	1	a 20,948,456.
b	Average of monthly cash balances		1b 6,572,046.
c	Fair market value of all other assets (see page 25 of the instructions)		1c 160,818.
d	<b>Total</b> (add lines 1a, b, and c)		1d 27,681,320.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	27,681,320.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions)	4	415,220.
5	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	5	27,266,100.
6	<b>Minimum investment return.</b> Enter 5% of line 5	6	1,363,305.

**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	1,363,305.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	17,423.
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	17,423.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,345,882.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	1,345,882.
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	<b>Distributable amount as adjusted.</b> Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,345,882.

**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	992,355.
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	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	992,355.
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	17,423.
6	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	974,932.

**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 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7 . . . . .				1,345,882.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only . . . . .			986,507.	
b Total for prior years 20 08, 20 07, 20 06 . . . . .				
3 Excess distributions carryover, if any, to 2010				
a From 2005 . . . . .				0.
b From 2006 . . . . .				0.
c From 2007 . . . . .				0.
d From 2008 . . . . .				0.
e From 2009 . . . . .				0.
f Total of lines 3a through e . . . . .	0.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 992,355.				
a Applied to 2009, but not more than line 2a . . . . .			986,507.	
b Applied to undistributed income of prior years (Election required - see page 26 of the instructions) . . . . .				
c Treated as distributions out of corpus (Election required - see page 26 of the instructions) . . . . .				
d Applied to 2010 distributable amount . . . . .				5,848.
e Remaining amount distributed out of corpus . . . . .	0.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a) ) . . . . .	0.			0.
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 . . . . .				
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 page 27 of the instructions . . . . .				
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions . . . . .				
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011 . . . . .				1,340,034.
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) . . . . .				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions) . . . . .				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a . . . . .	0.			
10 Analysis of line 9				
a Excess from 2006 . . . . .				
b Excess from 2007 . . . . .				0.
c Excess from 2008 . . . . .				0.
d Excess from 2009 . . . . .				0.
e Excess from 2010 . . . . .				0.

**Part XIV Private Operating Foundations** (see page 27 of the instructions and Part VII-A, question 9) NOT APPLICABLE

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 2010, 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) 2010	(b) 2009	(c) 2008	(d) 2007	
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)(ii) . . . . .					
(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 28 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) )

SHELDON J KAPHAN

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

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

**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
a <i>Paid during the year</i>  ATTACHMENT 9				
<b>Total</b> ..... ▶ 3a				842,500.
b <i>Approved for future payment</i> NONE				0.
<b>Total</b> ..... ▶ 3b				0.





**Schedule of Contributors**

▶ Attach to Form 990, 990-EZ, or 990-PF.

**2010**

<b>Name of the organization</b> THE KAPHAN FOUNDATION C/O KING & OLIASON PLLC	<b>Employer identification number</b> 65-1211107
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**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 an organization 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 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 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 (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions 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 990-EZ that received from any one contributor, during the year, 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.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization THE KAPHAN FOUNDATION  
C/O KING & OLIASON PLLC

Employer identification number  
65-1211107

**Part I** Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	SHELDON J KAPHAN C/O KING & OLIASON, 514 SECOND AVE W SEATTLE, WA 98119	\$ 1,410,823.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
2	SHELDON J KAPHAN C/O KING & OLIASON, 514 SECOND AVE W SEATTLE, WA 98119	\$ 680,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization **THE KAPHAN FOUNDATION**  
**C/O KING & OLIASON PLLC**

Employer identification number  
**65-1211107**

**Part II Noncash Property** (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	ATTACHMENT A _____ _____ _____	\$ 1,410,823.	12/20/2010
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____

**FORM 990-PF - PART IV  
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
1,412,361.		PUBLICLY TRADED SECURITIES 107,242.				D	VARIOUS 1,305,119.	VARIOUS
TOTAL GAIN(LOSS) .....							<u>1,305,119.</u>	

ATTACHMENT 1

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
CHARLES SCHWAB	464,402.	464,402.
TOTAL	<u>464,402.</u>	<u>464,402.</u>

ATTACHMENT 2

FORM 990PF, PART I - ACCOUNTING FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
ACCOUNTING FEES	6,686.	3,343.	3,343.	3,343.
TOTALS	<u>6,686.</u>	<u>3,343.</u>	<u>0.</u>	<u>3,343.</u>

ATTACHMENT 3

FORM 990PF, PART I - INTEREST EXPENSE

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
FLAG INT'L PARTNERS II (OFS)	348.	348.
FLAG INT'L PARTNERS IV (OFS)	125.	125.
KING & OLIASON PLLC	20.	
TOTALS	<u>493.</u>	<u>473.</u>

ATTACHMENT 4

FORM 990PF, PART I - TAXES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
FOREIGN TAXES PAID	5,917.	5,917.
FEDERAL EXCISE TAX	65,940.	
TOTALS	<u>71,857.</u>	<u>5,917.</u>

ATTACHMENT 5

FORM 990PF, PART I - OTHER EXPENSES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>CHARITABLE PURPOSES</u>
LICENSES AND PERMITS	35.		35.
WEBSITE DEVELOPMENT	145,977.		145,977.
INVESTMENT MGMT FEES	17,500.	17,500.	
DUES & SUBSCRIPTIONS	500.		500.
<b>TOTALS</b>	<u>164,012.</u>	<u>17,500.</u>	<u>146,512.</u>

ATTACHMENT 6

FORM 990PF, PART II - CORPORATE STOCK

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
AMAZON.COM	3,209,173.	10,530,000.
BLACKROCK FUND	7,204,432.	7,062,091.
VANGUARD FUND	7,979,433.	7,657,628.
SECURITIES	1,743,125.	1,818,358.
TOTALS	<u>20,136,163.</u>	<u>27,068,077.</u>

ATTACHMENT 7

FORM 990PF, PART II - OTHER INVESTMENTS

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
FLAG INT'L PARTNERS II (OFS)	154,640.	167,391.
FLAG PRIVATE EQUITY IV (OFS)	67,274.	55,136.
FLAG VENTURE PTNRS VII (OFS)	35,206.	36,293.
BARCLAYS BANK IPATH ETN	1,252,384.	1,510,440.
TOTALS	<u>1,509,504.</u>	<u>1,769,260.</u>

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

ATTACHMENT 8

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION</u>	<u>COMPENSATION</u>	<u>CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS</u>	<u>EXPENSE ACCT AND OTHER ALLOWANCES</u>
SHELDON J KAPHAN C/O KING & OLIASON PLLC 514 SECOND AVENUE WEST SEATTLE, WA 98119	PRES, VP, TREAS 1.00	0.	0.	0.
MATTHEW B. MCCUTCHEM C/O KING & OLIASON PLLC 514 SECOND AVENUE WEST SEATTLE, WA 98119	SECRETARY 1.00	0.	0.	0.
<u>GRAND TOTALS</u>		<u>0.</u>	<u>0.</u>	<u>0.</u>

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 9

<u>RECIPIENT NAME AND ADDRESS</u>	<u>RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT</u>	<u>PURPOSE OF GRANT OR CONTRIBUTION</u>	<u>AMOUNT</u>
GRAMEEN FOUNDATION USA ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	HUMAN AND HEALTH SERVICE	60,000.
OXFAM OF AMERICA ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT INTERNATIONAL AGRICULTURAL AND ECONOMIC DEVELOPMENT AND RELIEF	80,000.
ELECTRONIC FRONTIER FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	PROMOTE RIGHTS IN ELECTRONIC COMMUNICATION	75,000.
CHANCES FOR CHILDREN ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	HUMAN AND HEALTH SERVICE FOR CHILDREN	25,000.
THE LONG NOW FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	PROMOTE SOCIAL RESPONSIBILITY	24,500.
FUSE INNOVATION FUND ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROVIDE ONLINE ORGANIZING AND COMMUNICATIONS OF WASHINGTON STATE GOVERNMENT ACTIVITIES	20,000.

FORM 990PE, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 9 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
WASHINGTON PROGRESS FUND ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT DEMOCRACY IN THE US	30,000
CENTER FOR CONSTITUTIONAL RIGHTS ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO DEFEND AND PROTECT CONSTITUTIONAL RIGHTS	100,000.
NATURAL RESOURCES DEFENSE COUNCIL ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROTECT WILDLIFE AND WILDLIFE HABITAT	80,000.
DEMOCRACY NOW ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROVIDE NATIONAL, NON-COMMERCIAL, PUBLIC MEDIA.	90,000.
THE SUNLIGHT FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO DEVELOP INTERNET TECHNOLOGIES, MAKING GOVERNMENT INFORMATION MORE ACCESSIBLE TO THE GENERAL PUBLIC	75,000.
LAKE UNION OUTREACH FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROMOTE COMMUNITY SERVICE AND SOCIAL RESPONSIBILITY	3,000.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 9 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
TOWN HALL ASSOCIATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT COMMUNITY CULTURAL PROGRAMS	20,000.
WIKIMEDIA FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO BRING FREE CONTENT TO THE WORLD VIA THE INTERNET	60,000.
PROGRESSNOW EDUCATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	EDUCATION	10,000.
CODE FOR AMERICA ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROVIDE ONLINE ORGANIZING OF CITY GOVERNMENTS	50,000.
DESC ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	HUMAN AND HEALTH SERVICE FOR THE HOMELESS	5,000.
SEATTLE TILTH ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	CREATING A HEALTHIER COMMUNITY	5,000.



The Kaphan Foundation  
 Contribution of Stock - 12/20/2010  
 2010 Form 990-PF

65-1211107

<u>Symbol/C</u>			
<u>USIP</u>	<u>Quantity</u>	<u>Description</u>	<u>Amount</u>
K	466	KELLOGG COMPANY type: JOURNAL	\$23,898.81
WFC	1,982	WELLS FARGO & CO NEW type: JOURNAL	\$59,588.83
CERN	200	CERNER CORP type: JOURNAL	\$19,284.00
LCC	1,859	U S AIRWAYS GROUP INC type: JOURNAL	\$18,933.92
DELL	7,908	DELL INC type: JOURNAL	\$106,797.54
LSTZA	83	LIBERTY MEDIA CORP A LIBERTY STARZ SER A type: JOURNAL	\$5,508.30
CTL	217	CENTURYLINK INC type: JOURNAL	\$9,904.97
MMM	1,014	3M COMPANY type: JOURNAL	\$88,182.51
APA	190	APACHE CORP type: JOURNAL	\$22,128.35
PM	169	PHILIP MORRIS INTL INC type: JOURNAL	\$10,103.67
JPM	1,445	JPMORGAN CHASE & CO type: JOURNAL	\$57,771.10
CSCO	1,958	CISCO SYSTEMS INC type: JOURNAL	\$38,415.96
NBL	600	NOBLE ENERGY INC type: JOURNAL	\$50,946.00
THG	1,226	HANOVER INSURANCE GROUP type: JOURNAL	\$57,738.47
EBAY	1,293	EBAY INC type: JOURNAL	\$38,389.17
SWY	3,894	SAFEWAY INC type: JOURNAL	\$84,207.75
ORLY	400	O REILLY AUTOMOTIVE INC type: JOURNAL	\$25,058.00
FDO	2,133	FAMILY DOLLAR STORES INC type: JOURNAL	\$105,796.80
PCAR	490	PACCAR INC type: JOURNAL	\$27,672.75
ESRX	587	EXPRESS SCRIPTS INC type: JOURNAL	\$32,355.44
WPI	1,883	WATSON PHARMACEUTICALS type: JOURNAL	\$96,880.35
ABT	1,272	ABBOTT LABORATORIES type: JOURNAL	\$61,628.40
QCOM	1,769	QUALCOMM INC type: JOURNAL	\$87,547.81
NPO	40	ENPRO INDUSTRIES INC type: JOURNAL	\$1,644.60
OXY	1,026	OCCIDENTAL PETE CORP type: JOURNAL	\$97,572.60
MCD	764	MC DONALDS CORP type: JOURNAL	\$58,782.16
AAP	300	ADVANCE AUTO PARTS INC type: JOURNAL	\$20,082.00
GEF	200	GREIF INC CL A type: JOURNAL	\$12,391.00
ALK	205	ALASKA AIR GROUP INC DE type: JOURNAL	\$11,777.25
LCAPA	208	LIBERTY MEDIA HLDG CP A SER A type: JOURNAL	\$12,262.64
CLH	200	CLEAN HARBORS INC type: JOURNAL	\$16,481.00
DTV	252	DIRECTV CL A CLASS A type: JOURNAL	\$9,988.02
TROW	650	ROWE T PRICE GROUP INC type: JOURNAL	\$41,102.75
TOTAL STOCK DONATED			\$1,410,822.90