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Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust

Treated as a Private Foundation

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 JUL 1, 2010, and ending JUN 30, 2011

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 MARGOLIS FOUNDATION C/O LOREN D. HOSTEK, CPA		A Employer identification number 91-1995329
Number and street (or P O box number if mail is not delivered to street address) 108 S. WASHINGTON ST., SUITE 300	Room/suite	B Telephone number 206-623-9395
City or town, state, and ZIP code SEATTLE, WA 98104		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 1444856.	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
(Part I, column (d) must be on cash basis)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)	
Revenue	1 Contributions, gifts, grants, etc., received					
	2 Check <input checked="" 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	78887.	78887.	78887.	STATEMENT 1	
	5a Gross rents	1410.	1410.	1410.	STATEMENT 2	
	b Net rental income or (loss)	1410.				
	6a Net gain or (loss) from sale of assets not on line 10	88079.				
	b Gross sales price for all assets on line 6a	444942.				
	7 Capital gain net income (from Part IV, line 2)		88079.			
	8 Net short-term capital gain			N/A		
	9 Income modifications					
	10a Gross sales less returns and allowances					
b Less Cost of goods sold						
c Gross profit or (loss)						
11 Other income	936.	936.	936.	STATEMENT 3		
12 Total. Add lines 1 through 11	169312.	169312.	81233.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.	0.	0.	
	14 Other employee salaries and wages					
	15 Pension plans, employee benefits					
	16a Legal fees					
	b Accounting fees	STMT 4	2985.	0.	0.	2985.
	c Other professional fees					
	17 Interest					
	18 Taxes					
	19 Depreciation and depletion					
	20 Occupancy					
	21 Travel, conferences, and meetings					
	22 Printing and publications					
	23 Other expenses	STMT 5	115.	0.	0.	0.
	24 Total operating and administrative expenses Add lines 13 through 23		3100.	0.	0.	2985.
	25 Contributions, gifts, grants paid		93085.			93085.
26 Total expenses and disbursements. Add lines 24 and 25		96185.	0.	0.	96070.	
27 Subtract line 26 from line 12:						
a Excess of revenue over expenses and disbursements		73127.				
b Net investment income (if negative, enter -0-)			169312.			
c Adjusted net income (if negative, enter -0-)				81233.		

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1 Cash - non-interest-bearing					
	2 Savings and temporary cash investments			140302.	275883.	275883.
	3 Accounts receivable ▶					
	Less: allowance for doubtful accounts ▶					
	4 Pledges receivable ▶					
	Less: allowance for doubtful accounts ▶					
	5 Grants receivable					
	6 Receivables due from officers, directors, trustees, and other disqualified persons					
	7 Other notes and loans receivable ▶					
	Less: allowance for doubtful accounts ▶					
	8 Inventories for sale or use					
	9 Prepaid expenses and deferred charges					
	10a Investments - U.S. and state government obligations					
	b Investments - corporate stock STMT 6			1149939.	1048946.	1126793.
	c Investments - corporate bonds					
11 Investments - land, buildings, and equipment basis ▶						
Less: accumulated depreciation ▶						
12 Investments - mortgage loans						
13 Investments - other STMT 7			-966.	36819.	42180.	
14 Land, buildings, and equipment: basis ▶						
Less: accumulated depreciation ▶						
15 Other assets (describe ▶)						
16 Total assets (to be completed by all filers)			1289275.	1361648.	1444856.	
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					
	22 Other liabilities (describe ▶ STATEMENT 8)			7461.	7461.	
23 Total liabilities (add lines 17 through 22)			7461.	7461.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>					
	24 Unrestricted and complete lines 24 through 26 and lines 30 and 31					
	25 Temporarily restricted					
	26 Permanently restricted					
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>					
	27 Capital stock, trust principal, or current funds			0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds			1281814.	1354187.	
30 Total net assets or fund balances			1281814.	1354187.		
31 Total liabilities and net assets/fund balances			1289275.	1361648.		

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	1281814.
2 Enter amount from Part I, line 27a	2	73127.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	1354941.
5 Decreases not included in line 2 (itemize) ▶ PAYMENT OF PRIOR TAXES	5	754.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1354187.

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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 E*TRADE FIN'L#5564-5146 (DETAIL ATTACHED)	P		
b E*TRADE FIN'L#5564-5146 (DETAIL ATTACHED)	P		
c E*TRADE FIN'L - OTHER	P		
d LINN K-1	P		
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 149090.		142039.	7051.
b 290193.		214807.	75386.
c 5659.			5659.
d		17.	-17.
e			

(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			7051.
b			75386.
c			5659.
d			-17.
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	88079.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8	{ }	3	7051.

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

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

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

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

☐ Yes ☒ No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	134290.	1252781.	.107194
2008	63070.	1225751.	.051454
2007	90576.	1608821.	.056300
2006	118484.	1754059.	.067548
2005	82175.	1424772.	.057676

2 Total of line 1, column (d)	2	.340172
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	.068034
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	1302549.
5 Multiply line 4 by line 3	5	88618.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1693.
7 Add lines 5 and 6	7	90311.
8 Enter qualifying distributions from Part XII, line 4	8	96070.

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.

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of 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	1693.
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	1693.
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	1693.
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	
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	0.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	21.
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed SEE STATEMENT 9	9	1714.
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
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
1c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. \$ 0. (2) On foundation managers. \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) WA		
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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	13	X	
14	The books are in care of ▶ RON MARGOLIS Telephone no. ▶ 206-985-4607 Located at ▶ 6218 NORTH SABINO SHADOW LANE, TUCSON, AZ ZIP+4 ▶ 85750			
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 ▶ 15 N/A			
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? 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 ▶	16	Yes	No X

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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception Check "No" if the 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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here N/A ▶	1b	
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) N/A	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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) N/A	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	X

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

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

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No

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

N/A

5b

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)

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

If "Yes" to 6b, file Form 8870

X

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

☐ Yes ☒ No

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

N/A

7b

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
RON MARGOLIS	PRESIDENT / TREASURER			
6218 N SABINO SHADOW LANE				
TUCSON, AZ 85750	1.00	0.	0.	0.
KATHLEEN CASTALDI	SECRETARY / V. P.			
6218 N SABINO SHADOW LANE				
TUCSON, AZ 85750	1.00	0.	0.	0.

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

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

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

0

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	1087138.
b	Average of monthly cash balances	1b	235247.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	1322385.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	1322385.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	19836.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1302549.
6	Minimum investment return. Enter 5% of line 5	6	65127.

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

1	Minimum investment return from Part X, line 6	1	65127.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	1693.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1693.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	63434.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	63434.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	63434.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	96070.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	96070.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	1693.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	94377.

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.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				63434.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005	11958.			
b From 2006	39019.			
c From 2007	20430.			
d From 2008	2838.			
e From 2009	73091.			
f Total of lines 3a through e	147336.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ \$	96070.			
a Applied to 2009, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				63434.
e Remaining amount distributed out of corpus	32636.			
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	179972.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	11958.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	168014.			
10 Analysis of line 9:				
a Excess from 2006	39019.			
b Excess from 2007	20430.			
c Excess from 2008	2838.			
d Excess from 2009	73091.			
e Excess from 2010	32636.			

N/A

- ☐ 4942(j)(3) or ☐ 4942(j)(5)

- (4) Gross investment income**

[illegible]

NONE

Part XV

Total	▶ 3b	0.
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Part XVII	Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations
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		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	1a(1)	X
	(2) Other assets	1a(2)	X
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)	X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)	X
	(3) Rental of facilities, equipment, or other assets	1b(3)	X
	(4) Reimbursement arrangements	1b(4)	X
	(5) Loans or loan guarantees	1b(5)	X
	(6) Performance of services or membership or fundraising solicitations	1b(6)	X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	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.		

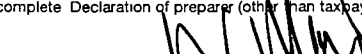
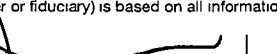
[illegible]

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		

Sign Here	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		Date <u>11/21/11</u>			
Paid Preparer Use Only	Print/Type preparer's name LOREN D. HOSTEK, CPA		Preparer's signature 	Date <u>11/21/2011</u>	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	Firm's name ▶ LOREN D. HOSTEK, CPA					Firm's EIN ▶
	Firm's address ▶ 4209 21ST AVE WEST, #401 SEATTLE, WA 98199					Phone no. 206-623-9395

Form **990-PF** (2010)

FORM 990-PF	OTHER LIABILITIES	STATEMENT	8
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DESCRIPTION	BOY AMOUNT	EOY AMOUNT
PAYABLE MARGOLIS FAMILY LP	7461.	7461.
TOTAL TO FORM 990-PF, PART II, LINE 22	7461.	7461.

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	1
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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
E*TRADE - DIVIDENDS	56635.	0.	56635.
E*TRADE - INTEREST	22248.	0.	22248.
LINN ENERGY LLC	2.	0.	2.
WINDEMERE APTS K-1	2.	0.	2.
TOTAL TO FM 990-PF, PART I, LN 4	78887.	0.	78887.

FORM 990-PF	RENTAL INCOME	STATEMENT	2
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KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
WINDERMERE APTS K-1	1	1410.
	4	
TOTAL TO FORM 990-PF, PART I, LINE 5A		1410.

FORM 990-PF	OTHER INCOME	STATEMENT	3
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DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
LINN ENERGY LLC	339.	339.	339.
VANGUARD NAT RES LLC	597.	597.	597.
TOTAL TO FORM 990-PF, PART I, LINE 11	936.	936.	936.

FORM 990-PF	ACCOUNTING FEES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LOREN D. HOSTEK, CPA	2985.	0.	0.	2985.
TO FORM 990-PF, PG 1, LN 16B	2985.	0.	0.	2985.

FORM 990-PF	OTHER EXPENSES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FILING FEES	115.	0.	0.	0.
TO FORM 990-PF, PG 1, LN 23	115.	0.	0.	0.

FORM 990-PF	CORPORATE STOCK	STATEMENT	6
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
E*TRADE INVESTMENTS	1048946.	1126793.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1048946.	1126793.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	7
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
WINDEMERE APTS. ASSOC	FMV	-1054.	0.
VANGUARD NATURAL RESOURCE	FMV	37873.	42180.
TOTAL TO FORM 990-PF, PART II, LINE 13		36819.	42180.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 12

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
LAAP	FURTHER CHARITABLE GOALS	501(C)(3)	100.
JEWISH FEDERATION	FURTHER CHARITABLE GOALS	501(C)(3)	30000.
ARIZONA SONORA DESERT MISSION	FURTHER CHARITABLE GOALS	501(C)(3)	150.
THEATER BENEFIT	FURTHER CHARITABLE GOALS	501(C)(3)	375.
CHABAD	FURTHER CHARITABLE GOALS	501(C)(3)	50000.
HAYON ARAIA ISRAEL RIDE	FURTHER CHARITABLE GOALS	501(C)(3)	100.
JEWISH FEDERATION OF SOUTHERN ARIZONA	FURTHER CHARITABLE GOALS	510(C)(3)	885.
TEMPLE EMANUEL SEATTLE, WA	FURTHER CHARITABLE GOALS	501(C)(3)	2625.

TUCSON MUSEUM OF ART TUCSON, AZ	FURTHER CHARITABLE GOALS	501(C)(3)	100.
ONE GLOBAL VISION	FURTHER CHARITABLE GOALS	501(C)(3)	100.
KUMO ARTS OF JAPAN	FURTHER CHARITABLE GOALS	501(C)(3)	3250.
AZ JEWISH POST	FURTHER CHARITABLE GOALS	501(C)(3)	100.
ANTI DEFAMATION	FURTHER CHARITABLE GOALS	501(C)(3)	200.
TEMPLE EMANUEL	FURTHER CHARITABLE GOALS	501(C)(3)	3600.
TERRY ELBERTON	FURTHER CHARITABLE GOALS	501(C)(3)	1500.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			93085.

Search Crit A/C:55645146 Start :07/01/2010 End :06/30/2011

Total Long Total Short-Ten Total Commissions/Fees: 191.42

Symbol	Qty	Opening Date	Opening Price	Opening Nr Order	Closing Date	Closing Price	Closing Net	Gain (Loss)	Term
370425RXC	50000	03/29/2005	91.24	45620	S	09/20/2010	103.135	51567.5	5947.5 Long
BRE.PR.C	105	10/01/2009	21.48	2255.4	S	06/13/2011	25	2625	369.6 Long
BRE.PR.C	895	10/01/2009	21.132	18918.1	S	06/13/2011	25	22375	3456.9 Long
BTZ	1000	04/14/2008	15.72	15730	S	04/18/2011	12.12	12117.27	-3612.73 Long
BTZ	400	10/13/2008	8.2087	3283.48	S	04/18/2011	12.12	4846.91	1563.43 Long
BTZ	600	10/13/2008	8.21	4931	S	04/18/2011	12.12	7270.36	2339.36 Long
GDV	400	10/20/2008	11.26	4514	S	04/18/2011	16.1008	6438.2	1924.2 Long
GDV	600	10/20/2008	11.2598	6755.88	S	04/18/2011	16.1008	9657.29	2901.41 Long
GIM	3000	04/22/2009	7.9599	23889.7	S	10/04/2010	10.5401	31616.77	7727.07 Long
GIM	2000	04/22/2009	7.9599	15919.8	S	10/04/2010	10.5401	21077.84	5158.04 Long
GM.WS.A	173	UNKNOWN	0	0	S	04/25/2011	21.57	3726.54	3726.54 Long
GM.WS.B	173	UNKNOWN	0	0	S	04/25/2011	16.48	2845.99	2845.99 Long
GM	190	UNKNOWN	0	0	S	04/25/2011	30.502	5790.27	5790.27 Long
GS	100	06/02/2010	143.0194	14306.94	S	10/04/2010	145.9972	14594.47	287.53 Short
HAR	100	06/02/2010	32.33	3238	S	10/04/2010	32.9904	3297.98	59.98 Short
HAR	200	06/02/2010	32.34	6468	S	10/04/2010	32.9904	6595.97	127.97 Short
HAR	200	06/02/2010	32.34	6468	S	10/04/2010	32.9904	6595.97	127.97 Short
PHK	700	04/11/2008	12.35	8650	S	10/28/2010	13.2101	9245.16	595.16 Long
PHK	1300	04/11/2008	12.36	16068	S	10/28/2010	13.2101	17169.59	1101.59 Long
PHK	1000	04/14/2008	12.1884	12193.4	S	04/18/2011	13.7201	13718.59	1525.19 Long
PHK	1000	10/13/2008	6.7635	6768.5	S	04/18/2011	13.7201	13718.59	6950.09 Long
PHK	2000	03/26/2009	5.9	11810	S	04/18/2011	13.7201	27437.17	15627.17 Long
PTY	900	06/17/2010	16.8	15125.75	S	10/06/2010	17.3833	15639.73	513.98 Short
PTY	665	06/17/2010	16.8	11176.25	S	10/06/2010	17.366	11548.16	371.91 Short
PTY	1435	06/17/2010	16.8	24108	S	10/06/2010	17.366	24919.72	811.72 Short
RCS	2000	11/30/2009	10.34	20685	S	10/06/2010	10.5801	21154.84	469.84 Short
STD	2000	05/18/2010	10.6595	21324	S	11/22/2010	11.3101	22614.82	1290.82 Short

VZ	600	09/20/2010	31.8896	19138.76	S	04/25/2011	36.89	22128.58	2989.82	Short
WFC.PR.J	200	02/10/2009	17.49	3498	S	12/13/2010	26.95	5389.91	1891.91	Long
WFC.PR.J	100	02/10/2009	17.49	1759	S	12/13/2010	26.97	2694.45	935.45	Long
WFC.PR.J	100	02/10/2009	17.49	1749	S	12/13/2010	26.97	2694.45	945.45	Long
WFC.PR.J	600	02/10/2009	17.49	10494	S	12/13/2010	26.95	16169.73	5675.73	Long

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

► File a separate application for each return

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box ☒
 - If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II (on page 2 of this form)
- Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed)

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

Type or print	Name of exempt organization MARGOLIS FOUNDATION	Employer identification number 91-1995329
File by the due date for filing your return. See instructions	Number, street, and room or suite no. If a P.O. box, see instructions 90 HOSTEK, 4209 21ST AVENUE WEST, # 401	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions SEATTLE, WA 98199	

Enter the Return code for the return that this application is for (file a separate application for each return)

04

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ► **RONALD MARGOLIS**

Telephone No ► **(520)-990-3982** FAX No ►

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **FEBRUARY 15, 2012**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 - ☐ calendar year 20 _____ or
 - ☒ tax year beginning **JULY 1**, 20 **10**, and ending **JUNE 30**, 20 **11**
- If the tax year entered in line 1 is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	S NONE
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	S
c	Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	S NONE

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.