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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

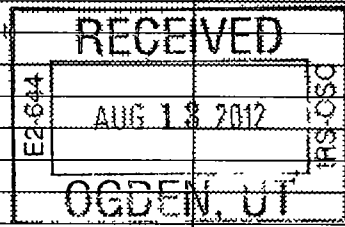
Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2010, or tax year beginning OCT 1, 2010 **, and ending** SEP 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 PAUL M ANDERSON FOUNDATION		A Employer identification number 91-1697666
Number and street (or P O box number if mail is not delivered to street address) 800 5TH AVENUE, SUITE 4100	Room/suite	B Telephone number 206-695-4385
City or town, state, and ZIP code SEATTLE, WA 98104		C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test check here and attach computation <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		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 2,163,207.	J Accounting method: <input checked="" type="checkbox"/> Cash, <input type="checkbox"/> Accrual, <input type="checkbox"/> Other (specify) _____	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 <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))</small>	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received			N/A	
2 Check <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	69,397.	69,397.		STATEMENT 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	22,672.			
b Gross sales price for all assets on line 6a 693,679.				
7 Capital gain net income (from Part IV, line 2)		22,672.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income	29.	29.		STATEMENT 2
12 Total Add lines 1 through 11	92,098.	92,098.		
13 Compensation of officers, directors, trustees, etc	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees STMT 3	6,015.	0.		0.
c Other professional fees STMT 4	12,597.	0.		0.
17 Interest				
18 Taxes				
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 5	525.	0.		0.
24 Total operating and administrative expenses. Add lines 13 through 23	19,137.	0.		0.
25 Contributions, gifts, grants paid	127,000.			127,000.
26 Total expenses and disbursements. Add lines 24 and 25	146,137.	0.		127,000.
27 Subtract line 26 from line 12	<54,039.>			
a Excess of revenue over expenses and disbursements				
b Net investment income (if negative, enter -0-)		92,098.		
c Adjusted net income (if negative, enter -0-)			N/A	



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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	198,170.	199,075.	199,075.
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶ Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U S and state government obligations STMT 6	227,011.	128,038.	129,229.
	b Investments - corporate stock STMT 7	1,423,443.	1,403,877.	1,436,607.
	c Investments - corporate bonds STMT 8	333,794.	395,220.	398,296.
	11 Investments - land, buildings, and equipment basis ▶ Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
14 Land, buildings, and equipment basis ▶ Less accumulated depreciation ▶				
15 Other assets (describe ▶ _____)				
16 Total assets (to be completed by all filers)	2,182,418.	2,126,210.	2,163,207.	
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 ▶ _____)			
23 Total liabilities (add lines 17 through 22)	0.	0.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input type="checkbox"/> 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 <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	2,182,418.	2,126,210.	
	28 Paid-in or capital surplus, or land, bldg, and equipment fund	0.	0.	
29 Retained earnings, accumulated income, endowment, or other funds	0.	0.		
30 Total net assets or fund balances	2,182,418.	2,126,210.		
31 Total liabilities and net assets/fund balances	2,182,418.	2,126,210.		

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	2,182,418.
2 Enter amount from Part I, line 27a	2	<54,039.>
3 Other increases not included in line 2 (itemize) ▶ _____	3	0.
4 Add lines 1, 2, and 3	4	2,128,379.
5 Decreases not included in line 2 (itemize) ▶ FEDERAL INCOME TAXES PAID	5	2,169.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	2,126,210.

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			
b SEE ATTACHED STATEMENTS			
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 693,679.		671,007.	22,672.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			
b			
c			
d			
e			22,672.

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	22,672.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter -0- in Part I, line 8		3	N/A

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2009	125,000.	2,265,075.	.055186
2008	125,374.	2,126,694.	.058953
2007	150,501.	2,955,906.	.050915
2006	173,315.	3,046,861.	.056883
2005	160,121.	2,762,257.	.057967

2 Total of line 1, column (d)	2	.279904
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	.055981
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	2,426,544.
5 Multiply line 4 by line 3	5	135,840.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	921.
7 Add lines 5 and 6	7	136,761.
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	8	127,000.

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 type="checkbox"/> and enter 1% of Part I, line 27b		1	1,842.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		2	0.
3 Add lines 1 and 2		3	1,842.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-		5	1,842.
6 Credits/Payments			
a 2010 estimated tax payments and 2009 overpayment credited to 2010	6a	3,250.	
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	3,250.	
8 Enter any penalty for underpayment of estimated tax Check here <input 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		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,408.	
11 Enter the amount of line 10 to be Credited to 2011 estimated tax <input type="checkbox"/> 1,408. Refunded <input type="checkbox"/>	11	0.	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		X
1c Did the foundation file Form 1120-POL for this year?		X
1d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input type="checkbox"/> \$ 0. (2) On foundation managers <input type="checkbox"/> \$ 0.		
1e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ 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
4b 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 instructions) <input type="checkbox"/> WA		
8b 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

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)			X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	X		
14	The books are in care of ▶ THOMAS E. MELANG, CPA Telephone no ▶ 425-454-9950 Located at ▶ 1900 112TH AVE NE, STE 201, BELLEVUE, WA ZIP+4 ▶ 98004			
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 ▶		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 <input type="checkbox"/>	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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," list the years ▶ 2009		
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)	2b	X
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

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)? Yes No
 Organizations relying on a current notice regarding disaster assistance check here N/A

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). N/A

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? Yes No
 If "Yes" to 6b, file Form 8870. N/A

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? Yes No

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
JOHN PRIVAT PO BOX 3977 SEATTLE, WA 981249778	PRESIDENT 10.00	0.	0.	0.
PRISCILLA PRIVAT PO BOX 3977 SEATTLE, WA 981249778	VICE-PRESIDENT 10.00	0.	0.	0.
JAMES PRIVAT PO BOX 3977 SEATTLE, WA 981249778	SECRETARY 10.00	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

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

3 Five highest-paid independent contractors for professional services. 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 ▶ 0

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 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1 N/A	
2	
3 All other program-related investments. See instructions	

Total. Add lines 1 through 3 ▶ 0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	2,250,255.
b	Average of monthly cash balances	1b	213,241.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	2,463,496.
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	2,463,496.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	36,952.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,426,544.
6	Minimum investment return. Enter 5% of line 5	6	121,327.

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	121,327.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	1,842.
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	1,842.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	119,485.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	119,485.
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	119,485.

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	127,000.
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	127,000.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	127,000.

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				119,485.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			8,266.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 127,000.				
a Applied to 2009, but not more than line 2a			8,266.	
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				118,734.
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		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				751.
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	0.			
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				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 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				(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					
3 Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

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

NONE

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

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**
 Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

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

SEE STATEMENT 9

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	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
Name and address (home or business)				
<p><i>a Paid during the year</i> PAUL M. ANDERSON FOUNDATION FUND (A DONOR ADVISED FUND) - 800 5TH AVE, #4100 SEATTLE, WA</p>	NA	EXEMPT	CHARITABLE	127,000.
Total			▶ 3a	127,000.
<p><i>b Approved for future payment</i></p> <p>NONE</p>				
Total			▶ 3b	0.

Part XVI-A 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
	(a) Business code	(b) Amount	(c) Exclu- sion 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					
4 Dividends and interest from securities			14	69,397.	
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			14	29.	
8 Gain or (loss) from sales of assets other than inventory			14	22,672.	
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)		0.		92,098.	0.
13 Total. Add line 12, columns (b), (d), and (e)				13 92,098.	

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

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes)
	NA

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	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			
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			

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

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] | 8-1-12 | *President*
 Signature of officer or trustee Date Title

Paid Preparer Use Only

Print/Type preparer's name THOMAS E. MELANG PRINCIPAL	Preparer's signature <i>[Signature]</i>	Date 8/28/12	Check <input type="checkbox"/> if self-employed	PTIN P00085213
Firm's name ▶ MELANG, HOPPS & COMPANY PLLC			Firm's EIN ▶ 20-2046202	
Firm's address ▶ 1900 112TH AVENUE N.E., STE. 201 BELLEVUE, WA 98004			Phone no (425) 454-9950	

PAUL M ANDERSON FOUNDATION

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 BANK OF NEW YORK MELLON, 500 SH	P	10/12/06	10/27/10
b EMERSON ELECTRIC CO, 500 SH	P	06/05/98	10/28/10
c HONEYWELL INTL INC, 1,000 SH	P	04/06/05	10/28/10
d PEABODY ENERGY CORP, 500 SH	P	01/03/07	10/27/10
e PROCTOR & GAMBLE CO, 1,000 SH	P	10/25/04	10/28/10
f MORGAN STANLEY, 500 SH	P	01/27/11	09/06/11
g AKAMAI TECHNOLOGIES INC, 500 SH	P	10/28/10	02/28/11
h ISHARES TRUST RUSSELL 2000 INDEX FUND, 400 SH	P	09/21/10	09/06/11
i ROCHE HLDG LTD SPONS ADR, 700 SH	P	10/28/10	02/04/11
j SPDR S&P MIDCAP, 300 SH	P	09/21/10	09/06/11
k AT&T INC, 1,000 SH	P	01/03/07	01/27/11
l EMERSON ELECTRIC CO, 250 SH	P	06/05/98	01/27/11
m HALLIBURTON CO, 500 SH	P	06/24/08	09/06/11
n HONEYWELL INTL INC, 500 SH	P	04/06/05	01/27/11
o ISHARES MSCI EAFE INDEX FUND, 450 SH	P	10/05/09	09/06/11

	(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	12,617.		18,936.	<6,319.>
b	27,395.		15,228.	12,167.
c	47,120.		37,662.	9,458.
d	26,410.		17,550.	8,860.
e	63,201.		52,598.	10,603.
f	7,666.		14,774.	<7,108.>
g	18,739.		25,680.	<6,941.>
h	26,913.		26,896.	17.
i	25,543.		25,921.	<378.>
j	44,843.		43,234.	1,609.
k	27,860.		34,948.	<7,088.>
l	14,630.		7,614.	7,016.
m	20,091.		26,362.	<6,271.>
n	27,830.		18,831.	8,999.
o	22,343.		24,107.	<1,764.>

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col (h)) Gains (excess of col (h) gain over col (k), but not less than "-0-")
(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	
a			<6,319.>
b			12,167.
c			9,458.
d			8,860.
e			10,603.
f			<7,108.>
g			<6,941.>
h			17.
i			<378.>
j			1,609.
k			<7,088.>
l			7,016.
m			<6,271.>
n			8,999.
o			<1,764.>

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	
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	

PAUL M ANDERSON FOUNDATION

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 PEABODY ENERGY CORP, 750 SH	P	01/03/07	09/06/11
b SCHLUMBERGER LTD, 250 SH	P	06/24/08	01/27/11
c NATL RURAL UTILITIES, 25,000 REDEMPTION	P	12/18/06	10/01/10
d US TREAS NOTE, 50,000 REDEMPTION	P	06/06/06	11/15/10
e ALABAMA POWER CO, 200 SH	P	10/07/10	06/20/11
f ALABAMA POWER CO, 800 SH	P	10/13/10	06/20/11
g ABBOTT LABS NTS, 25,000 REDEMPTION	P	12/18/06	05/15/11
h CISCO SYSTEMS INC, 50,000 REDEMPTION	P	08/25/09	02/22/11
i US TREAS NOTE, 50,000 REDEMPTION	P	06/06/06	04/30/11
j			
k			
l			
m			
n			
o			

	(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	33,840.		26,325.	7,515.
b	21,638.		26,907.	<5,269.>
c	25,000.		24,427.	573.
d	50,000.		49,137.	863.
e	5,000.		5,120.	<120.>
f	20,000.		20,461.	<461.>
g	25,000.		25,529.	<529.>
h	50,000.		52,924.	<2,924.>
i	50,000.		49,836.	164.
j				
k				
l				
m				
n				
o				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col (h)) Gains (excess of col (h) gain over col (k), but not less than "-0-")
(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	
a			7,515.
b			<5,269.>
c			573.
d			863.
e			<120.>
f			<461.>
g			<529.>
h			<2,924.>
i			164.
j			
k			
l			
m			
n			
o			

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	22,672.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter "-0-" in Part I, line 8 }	3	N/A

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES		STATEMENT	1
SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT	
UBS 32431	32,644.	0.	32,644.	
UBS 32682	36,753.	0.	36,753.	
TOTAL TO FM 990-PF, PART I, LN 4	69,397.	0.	69,397.	

FORM 990-PF	OTHER INCOME		STATEMENT	2
DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	
SECURITIES LITIGATION	29.	29.		
TOTAL TO FORM 990-PF, PART I, LINE 11	29.	29.		

FORM 990-PF	ACCOUNTING FEES			STATEMENT	3
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
ACCOUNTING	6,015.	0.		0.	
TO FORM 990-PF, PG 1, LN 16B	6,015.	0.		0.	

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
BROKER'S FEES	12,597.	0.		0.	
TO FORM 990-PF, PG 1, LN 16C	12,597.	0.		0.	

FORM 990-PF	OTHER EXPENSES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
FILING/ANNUAL REPORTING FEE	25.	0.			0.
FIDUCIARY FEES	500.	0.			0.
TO FORM 990-PF, PG 1, LN 23	525.	0.			0.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS		STATEMENT	6
DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
U.S. & STATE GOV'T BONDS	X		128,038.	129,229.
TOTAL U.S. GOVERNMENT OBLIGATIONS			128,038.	129,229.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			128,038.	129,229.

FORM 990-PF	CORPORATE STOCK		STATEMENT	7
DESCRIPTION			BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCK			1,403,877.	1,436,607.
TOTAL TO FORM 990-PF, PART II, LINE 10B			1,403,877.	1,436,607.

FORM 990-PF	CORPORATE BONDS		STATEMENT	8
DESCRIPTION			BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS			395,220.	398,296.
TOTAL TO FORM 990-PF, PART II, LINE 10C			395,220.	398,296.

FORM 990-PF

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

STATEMENT 9

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

BRECKEN DILLER
800 5TH AVENUE, SUITE 4100
SEATTLE, WA 98104

TELEPHONE NUMBER

206-695-4385

FORM AND CONTENT OF APPLICATIONS

N/A

ANY SUBMISSION DEADLINES

NONE

RESTRICTIONS AND LIMITATIONS ON AWARDS

FINANCIAL SUPPORT IS GIVEN TO 501(C)(3) ORGANIZATIONS WITH EMPHASIS ON THOSE INVOLVED IN PROTECTING THE ENVIRONMENT, OR INVOLVED IN HEATH-CARE, MEDICAL FIELDS & MEDICAL RESEARCH.