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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

**2011**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 2011 or tax year beginning , and ending

Name of foundation <b>HAROLD &amp; HELEN SHEPHERD FOUNDATION</b>		A Employer identification number <b>91-1708510</b>
Number and street (or P.O. box number if mail is not delivered to street address) <b>PO BOX 1757</b>	Room/suite	B Telephone number (see instructions) <b>509-527-3500</b>
City or town, state and ZIP code <b>WALLA WALLA WA 99362</b>		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		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) <b>\$ 4,769,258</b>	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** (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))

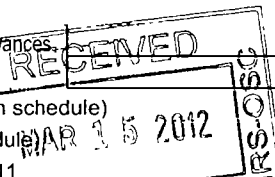
	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule)				
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	95,801	95,801		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10 <b>Stmt 1</b>	53,356			
b Gross sales price for all assets on line 6a <b>184,419</b>				
7 Capital gain net income (from Part IV, line 2)		53,356		
8 Net short-term capital gain			0	
9 Income modifications				
10a Gross sales less returns & 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	149,157	149,157	0	
13 Compensation of officers, directors, trustees, etc.	77,000	30,800		46,200
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule) <b>Stmt 2</b>	3,125	2,813		312
c Other professional fees (attach schedule)				
17 Interest				
18 Taxes (attach schedule) (see instructions) <b>Stmt 3</b>	2,789	2,789		
19 Depreciation (attach schedule) and depletion <b>Stmt 4</b>	310			
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (att sch) <b>Stmt 5</b>	1,544	1,390		154
24 Total operating and administrative expenses. Add lines 13 through 23	84,768	37,792	0	46,666
25 Contributions, gifts, grants paid	244,850			244,850
26 Total expenses and disbursements. Add lines 24 and 25	329,618	37,792	0	291,516
27 Subtract line 26 from line 12	-180,461			
a Excess of revenue over expenses and disbursements		111,365		
b Net investment income (if negative, enter -0-)			0	
c Adjusted net income (if negative, enter -0-)				

For Paperwork Reduction Act Notice, see instructions.

Form **990-PF** (2011)

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Part II Balance Sheets		Beginning of year		End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1 Cash—non-interest-bearing	1	1		
	2 Savings and temporary cash investments	944,449	438,083	438,083	
	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 instructions)				
	7 Other notes and loans receivable (att. schedule) ▶ Less allowance for doubtful accounts ▶	0			
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges		2,000	2,000	
	10a Investments—U S. and state government obligations (attach schedule)				
	b Investments—corporate stock (attach schedule) See Stmt 6	2,075,917	2,400,132	4,328,635	
	c Investments—corporate bonds (attach schedule)				
	11 Investments—land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch.) ▶				
	12 Investments—mortgage loans				
	13 Investments—other (attach schedule)				
	14 Land, buildings, and equipment basis ▶ 1,811 Less accumulated depreciation (attach sch.) ▶ Stmt 7 1,271	850	540	540	
15 Other assets (describe ▶ )					
16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	3,021,217	2,840,756	4,769,258		
Liabilities	17 Accounts payable and accrued expenses				
	18 Grants payable				
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, and other disqualified persons				
	21 Mortgages and other notes payable (attach schedule)				
	22 Other liabilities (describe ▶ )				
	23 Total liabilities (add lines 17 through 22)	0	0		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31 ▶ <input type="checkbox"/>				
	24 Unrestricted				
	25 Temporarily restricted				
	26 Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>				
	27 Capital stock, trust principal, or current funds	4,995,705	4,995,705		
	28 Paid-in or capital surplus, or land, bldg., and equipment fund				
	29 Retained earnings, accumulated income, endowment, or other funds	-1,974,488	-2,154,949		
	30 Total net assets or fund balances (see instructions)	3,021,217	2,840,756		
31 Total liabilities and net assets/fund balances (see instructions)	3,021,217	2,840,756			

## 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	3,021,217
2 Enter amount from Part I, line 27a	2	-180,461
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	2,840,756
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	2,840,756

**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)
<b>1a N/A</b>				
<b>b</b>				
<b>c</b>				
<b>d</b>				
<b>e</b>				

(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)
<b>a</b>			
<b>b</b>			
<b>c</b>			
<b>d</b>			
<b>e</b>			

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

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

<b>2</b> Capital gain net income or (net capital loss)	<div style="border: 1px solid black; padding: 2px;">           If gain, also enter in Part I, line 7            If (loss), enter -0- in Part I, line 7         </div>	<b>2</b>	<b>53,356</b>
<b>3</b> 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 instructions) If (loss), enter -0- in Part I, line 8		<b>3</b>	

**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 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))
2010	280,137	4,574,984	0.061232
2009	243,232	3,834,242	0.063437
2008	330,443	5,162,353	0.064010
2007	361,527	6,038,451	0.059871
2006	311,451	5,527,374	0.056347

<b>2</b> Total of line 1, column (d)	<b>2</b>	<b>0.304897</b>
<b>3</b> 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	<b>3</b>	<b>0.060979</b>
<b>4</b> Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	<b>4</b>	<b>4,729,950</b>
<b>5</b> Multiply line 4 by line 3	<b>5</b>	<b>288,428</b>
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)	<b>6</b>	<b>1,114</b>
<b>7</b> Add lines 5 and 6	<b>7</b>	<b>289,542</b>
<b>8</b> 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	<b>8</b>	<b>291,516</b>

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

<b>1a</b>	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>b</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	<b>1</b>	<b>1,114</b>
<b>c</b>	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
<b>2</b>	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	<b>2</b>	<b>0</b>
<b>3</b>	Add lines 1 and 2	<b>3</b>	<b>1,114</b>
<b>4</b>	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	<b>4</b>	<b>0</b>
<b>5</b>	<b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-	<b>5</b>	<b>1,114</b>
<b>6</b>	<b>Credits/Payments</b>		
<b>a</b>	2011 estimated tax payments and 2010 overpayment credited to 2011	<b>6a</b>	
<b>b</b>	Exempt foreign organizations—tax withheld at source	<b>6b</b>	
<b>c</b>	Tax paid with application for extension of time to file (Form 8868)	<b>6c</b>	
<b>d</b>	Backup withholding erroneously withheld	<b>6d</b>	
<b>7</b>	Total credits and payments. Add lines 6a through 6d	<b>7</b>	
<b>8</b>	Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	<b>8</b>	<b>21</b>
<b>9</b>	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>	<b>9</b>	<b>1,135</b>
<b>10</b>	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>	<b>10</b>	
<b>11</b>	Enter the amount of line 10 to be <b>Credited to 2012 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>	<b>11</b>	

**Part VII-A Statements Regarding Activities**

	Yes	No
<b>1a</b> 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?		<b>X</b>
<b>b</b> Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? If the answer is "Yes" to <b>1a</b> or <b>1b</b> , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		<b>X</b>
<b>c</b> Did the foundation file <b>Form 1120-POL</b> for this year?		<b>X</b>
<b>d</b> Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. <b>\$</b> _____ (2) On foundation managers <b>\$</b> _____		
<b>e</b> Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <b>\$</b> _____		
<b>2</b> 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		<b>X</b>
<b>3</b> 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		<b>X</b>
<b>4a</b> Did the foundation have unrelated business gross income of \$1,000 or more during the year?		<b>X</b>
<b>b</b> If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year?		
<b>5</b> Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		<b>X</b>
<b>6</b> 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?	<b>X</b>	
<b>7</b> 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	<b>X</b>	
<b>8a</b> Enter the states to which the foundation reports or with which it is registered (see instructions) <b>WA</b>		
<b>b</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	<b>X</b>	
<b>9</b> 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 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If "Yes," complete Part XIV		<b>X</b>
<b>10</b> Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		<b>X</b>

N/A

**Part VII-A Statements Regarding Activities (continued)**

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <b>N/A</b>	13	X	
14	The books are in care of ► <b>GARY HOUSER</b> Telephone no ► <b>56 LEWIS RD.</b>			
	Located at ► <b>POMEROY</b> WA ZIP+4 ► <b>99347</b>			
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		
16	At any time during calendar year 2011, 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 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 instructions)? Organizations relying on a current notice regarding disaster assistance check here <b>N/A</b> <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 2011?	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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20 , 20 , 20 , 20		
b	Are there any years listed in 2a for which the foundation is <b>not</b> 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 ) <b>N/A</b>	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 ► 20 , 20 , 20 , 20		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2011 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 2011 ) <b>N/A</b>	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 2011?	4b	X

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

<b>5a</b> 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))?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 instructions)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
<b>b</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	<b>5b</b>	
Organizations relying on a current notice regarding disaster assistance check here		<input checked="" type="checkbox"/>		
<b>c</b> 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 <input type="checkbox"/> Yes <input type="checkbox"/> No		
If "Yes," attach the statement required by Regulations section 53.4945-5(d)				
<b>6a</b> Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>b</b> Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			<b>6b</b>	<b>X</b>
If "Yes" to 6b, file Form 8870				
<b>7a</b> At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>b</b> If Yes, did the foundation receive any proceeds or have any net income attributable to the transaction?		N/A	<b>7b</b>	

**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 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
GARY HOUSER	POMEROY	TRUSTEE			
56 LEWIS RD.	WA 99347	10.00	50,000	0	0
JAMES HAYNER	WALLA WALLA	TRUSTEE			
PO BOX 1757	WA 99362	4.00	27,000	0	0

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

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

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

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 (see instructions). If none, enter "NONE."**

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

Total number of others receiving over \$50,000 for professional services ▶**Part IX-A Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
<b>1</b> N/A	
<b>2</b>	
<b>3</b>	
<b>4</b>	

**Part IX-B Summary of Program-Related Investments (see instructions)**

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

	Amount
<b>1</b> N/A	
<b>2</b>	
All other program-related investments. See instructions.	
<b>3</b>	
<b>Total.</b> Add lines 1 through 3 <span style="float: right;">▶</span>	



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

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
<b>a</b>	Average monthly fair market value of securities	<b>1a</b>	4,271,553
<b>b</b>	Average of monthly cash balances	<b>1b</b>	528,427
<b>c</b>	Fair market value of all other assets (see instructions)	<b>1c</b>	2,000
<b>d</b>	<b>Total</b> (add lines 1a, b, and c)	<b>1d</b>	4,801,980
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1e</b>	0
<b>2</b>	Acquisition indebtedness applicable to line 1 assets	<b>2</b>	0
<b>3</b>	Subtract line 2 from line 1d	<b>3</b>	4,801,980
<b>4</b>	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	<b>4</b>	72,030
<b>5</b>	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	<b>5</b>	4,729,950
<b>6</b>	<b>Minimum investment return.</b> Enter 5% of line 5	<b>6</b>	236,498

**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.)

<b>1</b>	Minimum investment return from Part X, line 6	<b>1</b>	236,498
<b>2a</b>	Tax on investment income for 2011 from Part VI, line 5	<b>2a</b>	1,114
<b>b</b>	Income tax for 2011 (This does not include the tax from Part VI.)	<b>2b</b>	
<b>c</b>	Add lines 2a and 2b	<b>2c</b>	1,114
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1	<b>3</b>	235,384
<b>4</b>	Recoveries of amounts treated as qualifying distributions	<b>4</b>	
<b>5</b>	Add lines 3 and 4	<b>5</b>	235,384
<b>6</b>	Deduction from distributable amount (see instructions)	<b>6</b>	
<b>7</b>	<b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	<b>7</b>	235,384

**Part XII Qualifying Distributions** (see instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes.		
<b>a</b>	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	<b>1a</b>	291,516
<b>b</b>	Program-related investments—total from Part IX-B	<b>1b</b>	
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the:		
<b>a</b>	Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4</b>	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	291,516
<b>5</b>	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 instructions)	<b>5</b>	1,114
<b>6</b>	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	<b>6</b>	290,402

**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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				235,384
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2011				
a From 2006				
b From 2007				
c From 2008				
d From 2009				
e From 2010	56,950			
f Total of lines 3a through e	56,950			
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ \$ 291,516				
a Applied to 2010, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2011 distributable amount				235,384
e Remaining amount distributed out of corpus	56,132			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a) )				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5	113,082			
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 instructions				
e Undistributed income for 2010 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2011 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2012 Subtract lines 7 and 8 from line 6a	113,082			
10 Analysis of line 9				
a Excess from 2007				
b Excess from 2008				
c Excess from 2009				
d Excess from 2010	56,950			
e Excess from 2011	56,132			

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

**1a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, 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) 2011	(b) 2010	(c) 2009	(d) 2008	
<b>2a</b> Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
<b>b</b> 85% of line 2a					
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed					
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities					
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
<b>3</b> Complete 3a, b, or c for the alternative test relied upon					
<b>a</b> "Assets" alternative test—enter					
<b>(1)</b> Value of all assets					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)					
<b>b</b> "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
<b>c</b> "Support" alternative test—enter					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
<b>(3)</b> Largest amount of support from an exempt organization					
<b>(4)</b> 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 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) )  
**N/A**

**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 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  
**GARY HOUSER**  
**56 LEWIS RD POMEROY WA 99347**

**b** The form in which applications should be submitted and information and materials they should include  
**WRITTEN REQUEST.**

**c** Any submission deadlines.  
**N/A**

**d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors  
**See Statement 8**

**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)				
<b>a</b> Paid during the year <b>SEE ATTACHED STATEMENT 9</b>				<p style="text-align: right;"><b>244,850</b></p>
<b>Total</b>			▶ <b>3a</b>	<b>244,850</b>
<b>b</b> Approved for future payment <b>N/A</b>				
<b>Total</b>			▶ <b>3b</b>	





Form **4562**

# Depreciation and Amortization

(Including Information on Listed Property)

OMB No 1545-0172

**2011**Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions

▶ Attach to your tax return.

Attachment  
Sequence No **179**

Name(s) shown on return

**HAROLD & HELEN SHEPHERD FOUNDATION**

Identifying number

**91-1708510**

Business or activity to which this form relates

**Indirect Depreciation****Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12	13	

**Note:** Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)****Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	310
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶		

**Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

**Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System**

(a) Class life	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	310
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2011)

DAA

There are no amounts for Page 2

**Federal Statements**

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**Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets**

Description	Whom Sold	Date Acquired	Date Sold	How Received		Cost	Expense	Depreciation	Net Gain / Loss
				Price	Purchase				
	CHARLES SCHWAB SALES			\$ 184,419	\$ 131,063	\$	\$	\$	53,356
	SEE STATEMENT 10								
				Purchase					
Total				\$ 184,419	\$ 131,063	\$ 0	\$ 0	\$ 0	53,356

**Statement 2 - Form 990-PF, Part I, Line 16b - Accounting Fees**

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
TAX ACCOUNTING	\$ 3,125	\$ 2,813	\$	\$ 312
Total	\$ 3,125	\$ 2,813	\$ 0	\$ 312

**Statement 3 - Form 990-PF, Part I, Line 18 - Taxes**

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
FEDERAL TAXES	\$ 2,789	\$ 2,789	\$	\$
Total	\$ 2,789	\$ 2,789	\$ 0	\$ 0



# Federal Statements

## Statement 4 - Form 990-PF, Part I, Line 19 - Depreciation

Date Acquired	Description	Cost Basis	Prior Year Depreciation	Method	Life	Current Year Depreciation	Net Investment Income	Adjusted Net Income
12/01/07	APPLE COMPUTER	\$ 1,317	\$ 811	S/L	5	\$ 264	\$	
10/01/07	PRINTER	231	150	S/L	5	46		
Total		\$ 1,548	\$ 961			\$ 310	\$ 0	\$ 0

## Statement 5 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Expenses	\$	\$	\$	\$
DUES AND SUBSCRIPTIONS	1,206	1,085		121
INVESTMENT EXPENSE	43	39		4
LICENSE	25	23		2
OFFICE EXPENSE	270	243		27
Total	\$ 1,544	\$ 1,390	\$ 0	\$ 154

**Federal Statements****Statement 6 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments**

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
	\$ 2,075,917	\$ 2,400,132	Cost	\$ 4,328,635
Total	\$ 2,075,917	\$ 2,400,132		\$ 4,328,635

**Statement 7 - Form 990-PF, Part II, Line 14 - Land, Building, and Equipment**

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
	\$ 850	\$ 1,811	\$ 1,271	\$ 540
Total	\$ 850	\$ 1,811	\$ 1,271	\$ 540

**Federal Statements****Form 990-PF, Part XV, Line 2b - Application Format and Required Contents****Description**

WRITTEN REQUEST.

**Statement 8 - Form 990-PF, Part XV, Line 2d - Award Restrictions or Limitations****Description**

PREFERENTIAL CONSIDERATION OF THE AWARDS ARE TO CIVIC AND CHARITABLE ORGANIZATIONS IN GARFIELD, ASOTIN, COLUMBIA, OR WALLA COUNTIES IN WASHINGTON STATE.

Harold and Helen Shepherd Foundation  
Grants Given in 2011  
91-1708510

Name	Address	Relationship	Status	Purpose	Amount
Blue Mt Artisan Guild	Pomeroy, WA 99347	N/A	Public	General Operations	\$ 20,000
Blue Mt Comm Found./G C Health Found	Pomeroy, WA 99347	N/A	Public	General Operations	20,000
City of Pomeroy	Pomeroy, WA 99347	N/A	Public	General Operations	7,500.00
Garfield County	Pomeroy, WA 99347	N/A	Public	General Operations	68,050
Garfield County Food Bank	Pomeroy, WA 99347	N/A	Public	General Operations	11,500
Garfield County Senior Citizens	Pomeroy, WA 99347	N/A	Public	General Operations	3,000
Lincoln Alternative School	Walla Walla, WA 99362	N/A	Public	General Operations	1,000
Pataha Flour Mill	Pomeroy, WA 99347	N/A	Public	Crown of Thorns of Calvary Hills	7,000
Pomeroy Babe Ruth	Pomeroy, WA 99347	N/A	Public	General Operations	4,000
Pomeroy Community Center	Pomeroy, WA 99347	N/A	Public	General Operations	1,100
Pomeroy Jr Gun Club	Pomeroy, WA 99347	N/A	Public	General Operations	2,500
Pomeroy School District	Pomeroy, WA 99347	N/A	Public	General Operations	24,700
Pomeroy Spinners	Pomeroy, WA 99347	N/A	Public	General Operations	5,000
Walla Walla Symphony	Walla Walla, WA 99362	N/A	Public	General Operations	2,000
Walla Walla Community College Foundation	Walla Walla, WA 99362	N/A	Public	Scholarships	25,000
Washington State University Foundation	Pullman, WA 99163	N/A	Public	Scholarships, library funds, athletics	42,500
				<b>Total</b>	<b>\$ 244,850</b>

## 12/31/2011

**TOTAL CHARLES SCHWAB CAPITAL GAINS AND LOSSES**

Harold and Helen Shepherd Foundation  
Charles Schwab Accounts  
For the Year Ended December 31, 2011

		12/31/2011	
INVESTMENT	# SHARES	COST	FMV
Charles Schwab:			
B A S F AG Spons	2,000	81,010	139,914
Bayerische Motr New Ordf	4,000	131,173	268,772
Berkshire Hathaway	2,000	118,970	152,600
Boeing Co	2,000	90,060	146,700
Cameco Corp	2,000	73,980	36,100
Caterpillar, Inc	4,000	66,254	362,400
Chevron Corp	4,000	185,475	425,600
Donaldson Company Inc	4,000	24,905	272,320
Du Pont E I De Nemour & CO	3,000	158,259	137,340
Intel Corporation	10,000	152,454	242,500
Johnson & Johnson	4,000	135,656	262,320
Kimberly-Clark Corp	2,000	132,009	147,120
Kon Philips Elec.	4,267	37,568	89,394
Lab CP of Amer Holdg	2,000	80,055	171,940
Norfolk Southern Corp	5,000	148,520	364,300
Northrop Grumman Corp	3,000	149,891	175,440
Novartis A G Spon Adr	3,000	165,009	171,510
Oracle Corporation	16,000	127,715	410,400
Overseas Shphldg Grp In.	4,000	99,287	43,720
Pfizer Corp.	985	17,252	21,315
Procter & Gamble	3,000	166,620	200,130
Trimble Navigation LTD	2,000	58,010	86,800
Total Charles Schwab		2,400,132	4,328,635