Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2011

For calendar year 2011, or tax year beginning , 2011, and ending ,

Johnston-Hanson Foundation
5118 S Perry
Spokane, WA 99223

A Employer identification number: 94-3077091

B Telephone number (see the instructions): 509-448-4708

C If exemption application is pending, check here ☐

D 1 Foreign organizations, check here ☐

2 Foreign organizations meeting the 85% test, check here and attach computation ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

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

H Check type of organization: [X] Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, column (c), line 16) ► $ 6,393,197.

J Accounting method [X] Cash ☐ Accrual ☐ Other (specify) (Part I, column (d) must be on cash basis.)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)*	**(a)** Revenue and expenses per books	**(b)** Net investment income	**(c)** Adjusted net income	**(d)** Disbursements for charitable purposes (cash basis only)
REVENUE				
1 Contributions, gifts, grants, etc, received (att sch)				
2 Ck ► [X] if the foundn is **not** req to att Sch B				
3 Interest on savings and temporary cash investments	4,690.	4,690.	4,690.	
4 Dividends and interest from securities	194,046.	194,046.	194,046.	
5a Gross rents				
b Net rental income or (loss)				
6a Net gain/(loss) from sale of assets not on line 10	77,560.			
b Gross sales price for all assets on line 6a 143,130.				
7 Capital gain net income (from Part IV, line 2)		77,560.		
8 Net short-term capital gain			0.	
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit/(loss) (att sch)				
11 Other income (attach schedule) See Statement 1	1,279.	1,279.	1,279.	
12 **Total.** Add lines 1 through 11	277,575.	277,575.	200,015.	
OPERATING AND ADMINISTRATIVE EXPENSES				
13 Compensation of officers, directors, trustees, etc	12,000.	2,400.		9,600.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach sch) See St 2	2,900.	580.		2,320.
c Other prof fees (attach sch) See St 3	11,108.	11,108.		
17 Interest				
18 Taxes (attach schedule)(see instrs) See Stm 4	16,901.	273.		745.
19 Depreciation (attach sch) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings	2,468.	494.		1,974.
22 Printing and publications				
23 Other expenses (attach schedule) See Statement 5	1,912.	383.		1,529.
24 **Total operating and administrative expenses.** Add lines 13 through 23	47,289.	15,238.		16,168.
25 Contributions, gifts, grants paid Part XV	221,650.			221,650.
26 **Total expenses and disbursements.** Add lines 24 and 25	268,939.	15,238.	0.	237,818.
27 Subtract line 26 from line 12:				
a **Excess of revenue over expenses and disbursements**	8,636.			
b **Net investment income** (if negative, enter -0-)		262,337.		
c **Adjusted net income** (if negative, enter -0-)			200,015.	

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Part II Balance Sheets — Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
ASSETS	1 Cash – non-interest-bearing			
	2 Savings and temporary cash investments	685,124.	426,174.	426,174.
	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 (attach sch) ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments – U S and state government obligations (attach schedule) Statement 6	71,582.	71,582.	73,240.
	b Investments – corporate stock (attach schedule) Statement 7	2,236,524.	2,507,233.	5,622,151.
	c Investments – corporate bonds (attach schedule)			
	11 Investments – land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶			
	12 Investments – mortgage loans			
	13 Investments – other (attach schedule)	250,000.	250,000.	269,499.
	14 Land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶ See Statement 8)	5,356.	2,133.	2,133.
	16 **Total assets** (to be completed by all filers – see the instructions Also, see page 1, item I)	3,248,586.	3,257,122.	6,393,197.
LIABILITIES	17 Accounts payable and accrued expenses	1,530.	1,430.	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	1,530.	1,430.	
NET ASSETS OR FUND BALANCES	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ X and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	3,247,056.	3,255,692.	
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances** (see instructions)	3,247,056.	3,255,692.	
	31 **Total liabilities and net assets/fund balances** (see instructions)	3,248,586.	3,257,122.	

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	3,247,056.
2	Enter amount from Part I, line 27a	2	8,636.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	3,255,692.
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	3,255,692.

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 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a See Statement 9			
b			
c			
d			
e			

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

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

	(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				
b				
c				
d				
e				

2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	77,560.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8		3	-1,558.

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 (column (b) divided by column (c))
2010	275,675.	6,322,532.	0.043602
2009	271,628.	4,398,579.	0.061754
2008	339,675.	6,254,967.	0.054305
2007	310,076.	6,955,125.	0.044582
2006	294,004.	5,907,635.	0.049767

2 **Total** of line 1, column (d)	2	0.254010
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	0.050802
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	6,313,143.
5 Multiply line 4 by line 3	5	320,720.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,623.
7 Add lines 5 and 6	7	323,343.
8 Enter qualifying distributions from Part XII, line 4	8	237,818.

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

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

1 a Exempt operating foundations described in section 4940(d)(2), check here ► ☐ and enter 'N/A' on line 1. Date of ruling or determination letter: ________ (attach copy of letter if necessary – see instrs)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► ☐ and enter 1% of Part I, line 27b			1	5,247.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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	5,247.
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	5,247.
6 Credits/Payments				
a 2011 estimated tax pmts and 2010 overpayment credited to 2011	6a	4,000.		
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	4,000.
8 Enter any **penalty** for underpayment of estimated tax Check here ☒ if Form 2220 is attached			8	29.
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ►			9	1,276.
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 2012 estimated tax** ►	**Refunded** ►		11	

Part VII-A — Statements Regarding Activities

		Yes	No
1 a 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?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1b		X
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			
c Did the foundation file **Form 1120-POL** for this year?	1c		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*	2		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*	3		X
4 a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If 'Yes,' has it filed a tax return on **Form 990-T** for this year?	4b	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*	5		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?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If 'Yes,' complete Part II, column (c), and Part XV*	7	X	
8 a 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*	8b	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 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? *If 'Yes,' complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? *If 'Yes,' attach a schedule listing their names and addresses*	10		X

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

			Yes	No
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?	13	X	

Website address ► N/A

14 The books are in care of ► Fred & Elizabeth Hanson Telephone no ► 509-448-4708
Located at ► 5118 S Perry Spokane WA ZIP + 4 ► 99223

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** – Check here N/A ► ☐
and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A

			Yes	No
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?	16		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22 1 If 'Yes,' enter the name of the foreign country ►			

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

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

				Yes	No
1 a	During the year did the foundation (either directly or indirectly).				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☒ Yes ☐ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? **(Exception.** Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No			
b	If any answer is 'Yes' to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?		1b		X
	Organizations relying on a current notice regarding disaster assistance check here	► ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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? If 'Yes,' list the years ► 20__ , 20__ , 20__ , 20__	☐ Yes ☒ No			
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	N/A	
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ► 20__ , 20__ , 20__ , 20__				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If 'Yes,' did it have excess business holdings in 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.)*		3b	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?		4b		X

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

5a During the year did the foundation pay or incur any amount to			
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	☐ Yes ☒ No		
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	☐ Yes ☒ No		
(3) Provide a grant to an individual for travel, study, or other similar purposes?	☐ Yes ☒ No		
(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions)	☐ Yes ☒ No		
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	☐ Yes ☒ No		
b If any answer is 'Yes' to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see instructions)?		**5b**	N/A
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**	X (No)
If 'Yes' to 6b, file Form 8870			
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No		
b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction?	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 (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
See Statement 10		12,000.	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 ►		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 (see instructions)

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	
All other program-related investments See instructions	
3	
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	5,902,569.
b Average of monthly cash balances		1b	506,713.
c Fair market value of all other assets (see instructions)		1c	
d **Total** (add lines 1a, b, and c)		1d	6,409,282.
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	6,409,282.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)		4	96,139.
5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4		5	6,313,143.
6 **Minimum investment return.** Enter 5% of line 5		6	315,657.

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	315,657.
2a Tax on investment income for 2011 from Part VI, line 5	2a 5,247.		
b Income tax for 2011 (This does not include the tax from Part VI.)	2b		
c Add lines 2a and 2b		2c	5,247.
3 Distributable amount before adjustments Subtract line 2c from line 1		3	310,410.
4 Recoveries of amounts treated as qualifying distributions		4	
5 Add lines 3 and 4		5	310,410.
6 Deduction from distributable amount (see instructions)		6	
7 **Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1		7	310,410.

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	237,818.
b Program-related investments – total from Part IX-B	1b	
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	237,818.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions)	5	
6 **Adjusted qualifying distributions.** Subtract line 5 from line 4	6	237,818.

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					310,410.
2 Undistributed income, if any, as of the end of 2011					
a Enter amount for 2010 only				0.	
b Total for prior years: 20___, 20___, 20___			0.		
3 Excess distributions carryover, if any, to 2011					
a From 2006					
b From 2007					
c From 2008	14,688.				
d From 2009	55,133.				
e From 2010					
f Total of lines 3a through e		69,821.			
4 Qualifying distributions for 2011 from Part XII, line 4 ► $ 237,818.					
a Applied to 2010, 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 2011 distributable amount					237,818.
e Remaining amount distributed out of corpus		0.			
5 Excess distributions carryover applied to 2011 *(If an amount appears in column (d), the same amount must be shown in column (a).)*		69,821.			69,821.
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 2010 Subtract line 4a from line 2a. Taxable amount — see instructions				0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2012					2,771.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)		0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)		0.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a		0.			
10 Analysis of line 9					
a Excess from 2007					
b Excess from 2008					
c Excess from 2009					
d Excess from 2010					
e Excess from 2011					

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

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

Part XV | **Supplementary Information (Complete this part only if the organization 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))

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 11

b The form in which applications should be submitted and information and materials they should include

See Statement for Line 2a

c Any submission deadlines·

See Statement for Line 2a

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

See Statement for Line 2a

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
See Statement 12				
Total			► 3a	221,650.
b Approved for future payment				
Total			► 3b	

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 (See instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	4,690.	
4 Dividends and interest from securities			14	194,046.	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	12,368.	65,192.
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a UBS Option Premiums			14	1,279.	
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)				212,383.	65,192.
13 **Total.** Add line 12, columns (b), (d), and (e)				13	277,575.

(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) (See instructions)
N/A	

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	1 a (1)		X
(2) Other assets	1 a (2)		X
b Other transactions:			
(1) Sales of assets to a noncharitable exempt organization	1 b (1)		X
(2) Purchases of assets from a noncharitable exempt organization	1 b (2)		X
(3) Rental of facilities, equipment, or other assets	1 b (3)		X
(4) Reimbursement arrangements	1 b (4)		X
(5) Loans or loan guarantees	1 b (5)		X
(6) Performance of services or membership or fundraising solicitations	1 b (6)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1 c		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

(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) is based on all information of which preparer has any knowledge

Fred Hanson — 4/21/12 — V. Chair

Signature of officer or trustee | Date | Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Kathryn J Lappano	Kathryn J Lappano	4/20/12		P00125177

Firm's name ► Kathryn J Lappano CPA, PLLC — Firm's EIN ► 26-0857086

Firm's address ► 111 S Post St. Suite 450, Spokane, WA 99201-4900 — Phone no (509) 624-4715

Statement 1
Form 990-PF, Part I, Line 11
Other Income

	(a) Revenue per Books	(b) Net Investment Income	(c) Adjusted Net Income
UBS Option Premiums	$ 1,279.	$ 1,279.	$ 1,279.
Total	$ 1,279.	$ 1,279.	$ 1,279.

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Accounting fees	$ 2,900.	$ 580.		$ 2,320.
Total	$ 2,900.	$ 580.	$ 0.	$ 2,320.

Statement 3
Form 990-PF, Part I, Line 16c
Other Professional Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Investment management fees	$ 11,108.	$ 11,108.		
Total	$ 11,108.	$ 11,108.	$ 0.	$ 0.

Statement 4
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Federal income taxes	$ 15,458.			
Foreign taxes	434.	$ 87.		
[illegible]	78.			
Payroll taxes	931.	186.		$ 745.
Total	$ 16,901.	$ 273.	$ 0.	$ 745.

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Foreign conversion fees	$ 820.	$ 164.		$ 656.
Office expense & postage	773.	155.		618.
Telephone expense	319.	64.		255.
Total	$ 1,912.	$ 383.	$ 0.	$ 1,529.

Statement 6
Form 990-PF, Part II, Line 10a
Investments - U.S. and State Government Obligations

State/Municipal Obligations	Valuation Method	Book Value	Fair Market Value
Tacoma WA Tax D-BUI	Cost	$ 71,582.	$ 73,240.
		$ 71,582.	$ 73,240.
Total		$ 71,582.	$ 73,240.

Statement 7
Form 990-PF, Part II, Line 10b
Investments - Corporate Stocks

Corporate Stocks	Valuation Method	Book Value	Fair Market Value
Altria Group Inc	Cost	$ 27,632.	$ 323,185.
American Electric Power	Cost	71,787.	148,716.
America Movil S.A.B.	Cost	30,658.	420,360.
AT&T Inc	Cost	64,815.	250,992.
Bank of East Asia	Cost	83,121.	167,975.
Bank of East Asia Ltd	Cost	30,040.	45,714.
Citic Pacific Ltd	Cost	9,000.	7,208.
Duke Energy Hldg Corp	Cost	25,545.	88,000.
Exxon Mobil Corp	Cost	17,055.	474,656.
Fairpoint Communications	Cost	0.	0.
Ford Motor Co	Cost	55,920.	86,080.
General Electric Co	Cost	10,251.	53,730.
Guocoleisure Ltd	Cost	40,810.	12,670.
Idacorp Inc	Cost	26,781.	84,820.
Inter Parfums Inc	Cost	20,302.	126,316.
Kraft Foods Inc	Cost	28,359.	281,806.
PCCW Ltd New Spons ADR	Cost	34,625.	2,198.
Philip Morris Intl Inc	Cost	62,964.	855,432.
PT Indosat TBK ADR	Cost	19,626.	41,128.
Spectra Energy Corp	Cost	18,415.	61,500.
Teekay Corp	Cost	43,970.	26,730.
Telefonos De Mexico Spons ADR	Cost	0.	0.
Verizon Comm Inc	Cost	64,073.	190,891.
Wal Mart De Mexico	Cost	36,249.	215,231.
Harbor Int'l Fund	Cost	49,109.	45,568.

Statement 7 (continued)
Form 990-PF, Part II, Line 10b
Investments - Corporate Stocks

Corporate Stocks	Valuation Method	Book Value	Fair Market Value
HSBC Bank USA NA CD	Cost	$ 31,919.	$ 37,872.
Anadarko Petroleum	Cost	13,046.	22,899.
Frontier Communications	Cost	3,350.	5,881.
FT Mutual Global	Cost	74,213.	70,877.
Mainstay Fds Conv A	Cost	42,845.	41,088.
Nuveen Tradewinds Global	Cost	77,290.	62,829.
Delaware Diversified	Cost	67,570.	64,859.
Double Line Total Return	Cost	76,556.	76,228.
Eaton Vance Global Macro	Cost	47,140.	45,169.
Eaton Vance Strategic Income	Cost	47,414.	45,712.
FT Templeton Global	Cost	81,458.	74,312.
Hartford Floating Rate	Cost	46,213.	45,394.
Loomis Sayles Strategic Income	Cost	47,327.	46,310.
Loomis Sayles Investment Grade Bd	Cost	66,181.	63,672.
Lord Abbet Floating Rate	Cost	46,758.	45,453.
Mainstay Floating Rate	Cost	61,691.	61,133.
Mainstay Funds High Yld	Cost	31,745.	31,472.
Pimco Total Return Fund	Cost	49,541.	47,498.
Pioneer Strategic Income	Cost	47,609.	46,214.
Principal High Yield	Cost	33,029.	30,534.
Blackrock Global Allocation	Cost	58,810.	57,429.
First Eagle Global	Cost	85,579.	89,191.
Iva Worldwide Fund	Cost	90,710.	87,083.
Ivy Asset Strategy	Cost	55,894.	54,416.
Permanent Portfolio Fund	Cost	72,212.	77,076.
Pimco All Assets	Cost	85,540.	78,526.
Putnam Capital Spectrum	Cost	67,248.	76,529.
T Rowe Price Capital Appreciation	Cost	70,462.	75,489.
Bank of America Corp	Cost	16,776.	11,120.
Morgan Stanley Buffered Step-up	Cost	40,000.	38,980.
	Total	$ 2,507,233.	$ 5,622,151.

Statement 8
Form 990-PF, Part II, Line 15
Other Assets

	Book Value	Fair Market Value
Dividends receivable-UBS		$ 2,133.
Dividends receivable-UBS	$ 2,133.	
Total	$ 2,133.	$ 2,133.

Statement 9
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
1	Double Line Ttl Ret	Purchased	9/27/2010	7/22/2011
2	UBS AG Yon-CP	Purchased	7/28/2010	7/20/2011
3	Double Line Ttl Ret	Purchased	9/27/2010	10/24/2011
4	Fairpoint Comm	Purchased	10/08/1991	4/14/2011
5	Telefonos De Mexico	Purchased	Various	11/22/2011
6	Capital Gain Dividends			

Item	(e) Gross Sales	(f) Deprec. Allowed	(g) Cost Basis	(h) Gain (Loss)	(i) FMV 12/31/69	(j) Adj. Bas. 12/31/69	(k) Excess (i)-(j)	(l) Gain (Loss)
1	2,944.		2,944.	0.				$ 0.
2	28,437.		29,995.	-1,558.				-1,558.
3	2,717.		2,702.	15.				15.
4	0.		295.	-295.				-295.
5	95,106.		29,634.	65,472.				65,472.
6								13,926.
							Total	$ 77,560.

Statement 10
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen-sation	Contri-bution to EBP & DC	Expense Account/ Other
Elizabeth J Hanson 5118 S Perry Spokane, WA 99223	Chair;Sec-Treas 0	$ 0.	$ 0.	$ 0.
Fred L Hanson 5118 S Perry Spokane, WA 99223	Vice-Chair 10.00	10,000.	0.	0.
Everett Coulter 818 W Riverside Suite 250 Spokane, WA 99201	Director 0	400.	0.	0.
Eric A Hanson 1044 W Kidd Island Road Coeur d'Alene, ID 83815	Director 0	400.	0.	0.
Ann H Scarborough 600 Ocampa Drive Pacific Palisades, CA 90272	Director 0	400.	0.	0.
Victoria B Carney 330 6th St SE Washington, DC 20003	Director 0	400.	0.	0.

Statement 10 (continued)
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen-sation	Contri-bution to EBP & DC	Expense Account/ Other
Gil A Zwetsch 1221 E 54th Ave Spokane, WA 99223	Director 0	$ 400.	$ 0.	$ 0.
	Total	$ 12,000.	$ 0.	$ 0.

Statement 11
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

Name of Grant Program:	
Name:	Johnston Hanson Foundation
Care Of:	Fred Hanson
Street Address:	5118 S Perry
City, State, Zip Code:	Spokane, WA 99223
Telephone:	509-448-4708
Form and Content:	No formal application forms required. Submit inquiry by phone or mail.
Submission Deadlines:	None
Restrictions on Awards:	Most grants are in Spokane, Washington area. No grants to individuals. Grants to independent, not public institutions. In general, no grants to the medical field.

Statement 12
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found-ation Status	Purpose of Grant	Amount
All Saints Episcopal Church Santa Barbara, CA	None	Public	General support	$ 2,000.
Gonzaga Preparatory School 1224 E Euclid Spokane, WA 99207	None	Public	Scholarships	15,000.
Gonzaga University 502 E Boone Spokane, WA 99258	None	Public	Scholarships	10,000.
Habitat for Humanity 732 N Napa St Spokane, WA 99220	None	Public	To help people build homes & independence	15,000.

Statement 12 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Foundation Status	Purpose of Grant	Amount
Junior Achievement 421 W Riverside Suite 702 Spokane, WA 99201	None	Public	General support	$ 3,000.
Lutheran Academy 4800 N Ramsey Rd Coeur d'Alene, ID 83815	None	Public	Educational support	12,400.
CASA Partners PO Box 8158 Spokane, WA 99203	None	Public	General support	500.
Communites and Schools 905 W Riverside Suite 508 Spokane, WA 99201	None	Public	Educational	5,000.
Old Naval Hospital Foundation 419 E Capital Street SE Washington, DC 20003	None	Public	General support	5,000.
LaGuna Blanca School 4125 Paloma Drive Santa Barbara, CA 93110	None	Public	General support	5,000.
American Academy of Diplomacy 1316 36th Street NW Washington , DC 20007	None	Public	General support	5,000.
Union Gospel Mission 1224 E Trent Spokane, WA 99202	None	Public	General support	7,500.
Angels Foster Care of Santa Barbara 1489 Cantera Ave Santa Barbara, CA 93110	None	Public	Scholarships	1,250.
Spokane Symphony 818 W Riverside Suite 100 Spokane, WA 99201	None	Public	Music or instruments	10,000.
American Heritage Education Foundation PO Box 300453 Escondido, CA 92030	None	Public	General support	1,000.
Spokane Area Children's Chorus 411 S Washington St Spokane, WA 99204	None	Public	Music or instruments	2,500.

Statement 12 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found-ation Status	Purpose of Grant	Amount
Whitworth College 300 W Hawthorne Rd Spokane, WA 99218	None	Public	Scholarships	$ 10,000.
KSPS Public TV 3911 S Regal Spokane, WA 99223	None	Public	General support	4,000.
Museum of Arts & Culture 2316 W First Ave Spokane, WA 99201	None	Public	General support	20,750.
Pacific Science Center 200 Second Ave N Seattle, WA 98109	None	Public	General support	5,000.
Salvation Army PO Box 4634 Spokane, WA 99220	None	Public	General support	5,000.
Boys and Girls Club of Spokane 544 E Providence Spokane, WA 99207	None	Public	General support	5,000.
Connoisseur Concerts 315 W Mission Spokane, WA 99201	None	Public	General support	5,000.
YMCA 502 N Howard Spokane, WA 99210	None	Public	General support	3,500.
Campus Kitchens 502 E Boone Spokane, WA 99258	None	Public	General support	5,000.
Eastern Washington University 19 Hargreaves Hall Cheney, WA 99004	None	Public	Get It Program	1,500.
Mid City Concerns 1222 W Second Ave Spokane, WA 99201	None	Public	General support	5,000.
Morning Star Foundation 4511 S Glenrose Rd Spokane, WA 99223	None	Public	General support	5,000.

Statement 12 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Foundation Status	Purpose of Grant	Amount
Page Ahead 88 Spring Street Ste 123 Seattle, WA 98104	None	Public	General support	$ 5,000.
Schweitzer Alpine Racing School PO Box 63 Sandpoint, ID 83864	None	Public	General support	15,000.
Musicfest 315 W Mission Spokane, WA 99201	None	Public	General support	500.
Friends of Khmer Culture PO Box 164 Norfolk, CT 06058	None	Public	General support	500.
Smith College Northampton, MA	None	Public	General support	5,000.
Heritage University 3240 Fort Rd Toppenish, WA 98948	None	Public	General support	5,000.
Holy Names Music Center 3910 W Custer Dr Spokane, WA 99204	None	Public	General support	5,000.
USO PO Box 96860 Washington, DC 20077	None	Public	General support	5,000.
Vanessa Behan Crisis Nursery 1004 E 8th Ave Spokane, WA 99202	None	Public	General support	5,000.
Teddy Bear Cancer Foundation 133 E De La Guerra St #163 Santa Barbara, CA 93101	None	Public	General support	750.
			Total	$ 221,650.